



ALL · ABOUT
INCOME · TAX
HOUSE · DUTY · AND
LAND · TAX



A · PLAIN · PRACTICAL
GUIDE · TO · TAXPAYERS



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ALL ABOUT
INCOME TAX,
HOUSE DUTY, & LAND TAX.

BEING
A PLAIN, PRACTICAL GUIDE TO TAXPAYERS
ON
ASSESSMENTS, APPEALS, REDUCTIONS & REPAYMENTS,
WITH
EXAMPLES OF THE OFFICIAL FORMS
CORRECTLY FILLED.

BY
C. FORWARD.

Third Edition.

LONDON:
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1909.

P R E F A C E.

IN the following pages it is intended to set forth in non-technical language the whole body of laws and regulations governing Income Tax administration and practice at the present day.

The arrangement is popular, the information being grouped under heads familiar to the taxpaying public. It is believed, however, that the volume has none of the faults which so often attend popularized knowledge: that in it will be found neither omissions nor inaccuracies. Long experience in the actualities of Income Tax assessment and collection, together with a thorough study of Income Tax law, have been brought to bear on its production. In the result, it is trusted that a handbook has been produced which will not only enable the taxpayer to estimate truly what charges are in his case legal, but will also enable him to appeal successfully, in due course and form, against overcharges of all kinds, and to recover taxes actually paid, and for which he had not been legally liable.

It is also hoped that this volume may be found of use to members of the legal profession, whose time and energies are so occupied in other directions as to leave them little opportunity for making that minute and exhaustive study of Income Tax laws and regulations which their number and complexity require.

The official Forms, which are used with the kind permission of the Chairman of the Board of Inland Revenue, bear the proper Government numbers, and are actual

copies* of the official Forms in use. I also desire to express my gratitude to the Board of Agriculture for their courteous consideration in allowing me to reproduce the leaflet "Farmers and the Income Tax," issued under their authority.

C. FORWARD.

17th March, 1896.

PREFACE TO SECOND EDITION.

IN issuing a new edition of this little manual of Income Tax and allied imposts, I feel that I ought to return my heartiest thanks to public and critics alike for the cordial reception accorded to the first edition. In this edition I have aimed at bringing all details of law procedure and official practice thoroughly up to date, and have added a new section on Land Tax and Land Tax Redemption. This new matter will, I hope, prove not only a clear and reliable guide to the taxpayers affected, but an interesting summary of the history and development of a most ancient source of revenue as well.

C. FORWARD.

29th January, 1898.

PREFACE TO NINTH EDITION.

The changes entailed by the Finance Act of 1907 have made necessary a complete revision, and it is hoped that the various alterations in law and practice have been clearly embodied in the present edition.

C. FORWARD.

8th August, 1908.

* To obviate repetition of departmental explanations and instructions matter in copies of official forms recently issued, already explained in the text, has been omitted. —C. F.

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INCOME TAX, HOUSE DUTY, AND LAND TAX.

INCOME TAX.

PART I.—GENERAL OUTLINE.

INTRODUCTION.

THE principle of direct taxation is generally admitted to be more just and equitable than that of indirect taxation. The incidence of direct taxation may, perhaps, make it the more objectionable of the systems. Assessment and collection seem equally in disfavour with the taxpaying public. Nevertheless it is a fact that successive Governments have attempted again and again to remove all reasonable cause of complaint and make the Income Tax as free from objectionable features as any tax can ever be. The enactments passed with this purpose in view exceed those passed for any other purpose in this or any other country. This very multiplicity of enactments has in itself contributed in no small degree to render the tax unpopular, has given the system a fictitious complexity, and made tax law and administration a matter for the legal specialist.

The Income Tax is, at the present day, one of the most important branches of the British fiscal system. Originally

imposed in its present form in 1842, and subsequently amended by numerous Acts of Parliament, it has now become an important source of Revenue, and the enormous amount represented under this heading in the Annual Budget of the Chancellor of the Exchequer has become so indispensable a factor in fiscal forecasts that it may now be looked upon as a permanently established tax.

An Act of Parliament relating to Income Tax is generally entitled "An Act for granting to His Majesty Duties on profits arising from Property, Professions, Trades, and Offices." The Income Tax itself, for purposes of assessment, is divided into branches (generally termed "Schedules"), which follow pretty closely the order in which the profits are enumerated in the title of the Act. These Schedules are termed A, B, C, D, and E, and relate to profits on Property, Husbandry, Dividends from Bankers, etc., Professions and Trades, and Public Appointments respectively.

EXPLANATION OF SCHEDULES.

The Schedule A or Property Tax, or, as it is sometimes styled, the Landlord's Tax, is perhaps the most easily ascertainable of the branches, being based upon the rent paid for, or the annual value of houses, land, or other property.

Schedule B tax relates to profits of farming and is based upon the rent paid by the farmer, his profits being considered to bear proportion to the rental or annual value of the land occupied by him.

Schedule C tax refers to incomes derived from Government or Colonial Dividends and Annuities. Assessments

under this head are made by Commissioners in London specially appointed for that purpose. The Income Tax is invariably deducted before payment of dividends; and as charges under this Schedule rarely affect persons for the benefit of whom this work is intended, it is not proposed to give it more than this passing reference.

A very important tax is that styled Schedule D. It relates to Incomes derived from Professions and Trades, and evidently causes more trouble to Income Tax officials, and more heartburnings to taxpayers, than all the other branches put together. It comprises Incomes derived from Professions, such as those of Solicitors, Architects, Accountants, Civil Engineers, etc., and Trades, from Shipbuilders and Colliery Owners to middle-class Inn-keepers and Grocers. This branch also includes any Income not assessed under any other Schedule, such as variable rents which are not charged under Schedule A, and Interest, the tax on which is *not* deducted before payment, etc.

The last branch, Schedule E, relates to persons in the employment of Public Companies, Corporations, Boards, or the State, who are in the enjoyment of a fixed salary. The assessments are easily made under this head, as the employers are required annually to make a return of the salaries paid to their officials.

OFFICERS.

The imposition and collection of Income Tax is entrusted to General and Special Commissioners of Income Tax, Surveyors of Taxes, Assessors, and Collectors.

The General Commissioners (known also as Local or District Commissioners) who are always gentlemen whose social position places them above the suspicion of partiality and lends the desirable weight to their decisions, and who can generally claim a wide experience in the actual course of commerce and industry—are divided into two classes. The duties of one body are the making and allowing of the assessments; and of the other, the hearing of appeals against, and adjustment of, assessments made and allowed by the first body. With the exception of certain cases under Schedule D, where the taxpayer has claimed to be assessed by the Special Commissioners, the General Commissioners are the only body who have the right of making assessments and deciding appeals. It must be remembered that they can increase as well as reduce a charge on appeal, and they have also the power to grant total exemption from the tax. The Commissioners are assisted by a Clerk appointed by themselves, whose duty it is to advise the Commissioners on points of law and sign and issue notices of assessment to the taxpayers.

The Surveyors are officials appointed by the Crown. They attend appeals and watch cases on behalf of the Crown, and all correspondence relating to incorrect or disputed assessments passes through their hands.

Assessors are appointed by the Local Commissioners to deliver and collect forms for the returns of Income. They are also required to make estimates of profits made by persons and firms who neglect to make a return of their income. The lists made out by them generally

form the basis on which the charges are made by the Commissioners.

Collectors are also generally Assessors, and to them is deputed the work of the actual collection of the tax. They have full power to enforce payment in cases of refusal by means of distraint upon the goods of defaulting taxpayers, without any preliminary legal proceedings. They must show full particulars of the property or profits assessed, together with the amount of the assessment, either upon the demand notes or receipts.

SPECIAL COMMISSIONERS OF INCOME TAX.

The Special Commissioners are salaried officials, resident in London, and appointed under Act of Parliament. Their functions are (1) to make assessments under Schedule D, and (2) to decide appeals, under conditions hereafter explained, for adjustment of assessments under Schedule D made by themselves or by the Local Commissioners.

This is a privilege that is duly appreciated by persons who, for reasons best known to themselves, do not care to disclose their private affairs to Commissioners who reside in the locality.

On filling up his return, the taxpayer may request, through the Surveyor of Taxes, that he be assessed by the Special Commissioners, the result being that the matter of assessment does not get into the hands of the Local Commissioners. If the taxpayer does not make this request, the assessment is made in the ordinary way by the local authorities, and if he then feels aggrieved he should in due course give notice of appeal, through the

Surveyor, to the Special Commissioners. An opportunity is then given to meet these officials at a convenient place, when the appellant should attend, if possible in person, and state his case.

It is important to note that these Commissioners have no power to grant *total exemption* from taxation. They can only assess and adjust assessments under Schedule D, and all claims for total exemption fall to be dealt with by the Local Commissioners. They cannot assess under E, except in the case of railway officials, whose salaries are taxed at the head office of the companies under which they are employed.

THE YEAR OF ASSESSMENT.

The financial year runs from the the 6th of April in one year to the 5th of April in the next, both dates inclusive. The tax becomes payable on or before the 1st of January in each year—three months before the end of the financial year.

RATE OF INCOME TAX.

The rate of duty varies according to the exigencies of the calls upon the National purse, and is fixed annually at the passing of the Budget Bill, about April in each year. The Government, can, however, should occasion arise, make an extra call by increasing the rate of duty at any time after the passing of the annual Budget Bill.

LIMITS OF EXEMPTION AND ABATEMENT.

The following limits and allowances have been fixed by the Finance Acts of 1894 and 1898 :

1. Incomes not exceeding £160 are entirely exempt from taxation.

2. Incomes exceeding £160, and not exceeding £400, are charged less an abatement of £160; thus the nett assessment on an income of £170 should be £10.
3. Incomes exceeding £400, and not exceeding £500, are entitled to an abatement of £150.
4. Incomes exceeding £500, and not exceeding £600, are entitled to relief on £120.
5. Incomes exceeding £600, and not exceeding £700, are charged less an abatement of £70.

All Incomes exceeding £700 are charged in full without any abatement.

DIFFERENTIATION.

In addition to the statutory abatements allowable on incomes not exceeding £700 enumerated above, the principle of differentiating between “earned” and “unearned” incomes was first recognised by the Finance Act, 1907.

“Earned” income is defined as—

- (a) Any Income arising in respect of any remuneration from any office or employment of profit held by the individual, or in respect of any pension, superannuation or other allowance or deferred pay or compensation for loss of office given in respect of the past services of the individual or of the husband or parent of the individual in any office or employment of profit whether the individual or husband or parent of the individual shall have contributed to such pension, superannuation, allowance, or deferred pay or not.
- (b) Any Income from any property which is attached to or forms part of the emoluments of any office or employment of profit held by the individual.

- (c) Any Income which is charged under Schedule B or D and is immediately derived by the individual from . . . his profession, trade, or vocation, either as an individual or, in the case of a partnership, as a partner personally acting therein.

Where a wife's profits are deemed to be the profits of the husband the term "individual" referred to includes either the husband or the wife.

To illustrate, the rate of tax for the year 1908-9 is fixed at 1s. in the £, but any person who proves that his Income from *all* sources does not exceed £2,000, and that any part of it is "earned" Income is entitled to relief to the extent of 3d. in the £ on the "earned" portion of his Income.

Proof of title to the relief, which can be furnished on the usual form issued by the local officials, *must* be made before 30th September in the financial year. If this condition is not fulfilled the authorities have no option but to charge tax at the higher rate, and no subsequent appeal can be allowed.

Allowances for abatements (£160, £150, £120 or £70, as the case may be) and Life Insurance are made primarily from earned Income. Where the assessments on earned incomes are not sufficient to cover these statutory allowances the balance should be claimed from unearned Income.

JOINT INCOME OF HUSBAND AND WIFE.

When the joint income of married couples does not exceed £500, each carrying on business independently of the other, *and* the Income of the wife arises from any profession, employment, vocation, or office, or from profits of business or concern where such is carried on without

the co-operation of the husband, the wife may claim total exemption if her Income from these sources does not exceed £160 or the abatements of £160 and £150 if her Income is more than £160 and does not exceed £400, and more than £400 and does not exceed £500 respectively.

This is a most important concession, allowing double abatement to joint Incomes not exceeding £500, and should prove a great relief where the household staff is more costly owing to the absence of the wife from home during the hours of duty or business. This clause affects married schoolmistresses, perhaps, more than any other class.

When the joint Income exceeds £500 the foregoing concession does not apply, the ordinary abatements on Incomes not exceeding £700 only being allowable.

This clause does not affect property belonging to, nor any business or concern carried on jointly by, man and wife. Income from these sources is to be treated as heretofore, and must be taken as part of the husband's income.

DEFINITION OF "TOTAL INCOME."

It should be noted that, for Income Tax purposes, Total Income means "Total amount of Income from *every* source." It occurs frequently that persons who claim total exemption or the statutory abatement do not include sources of Income already taxed, such as property and dividends. This omission arises no doubt from the impression that if they included items such as these, they would be again taxed; but it should be borne in mind that the officials cannot certify the exemption or abatement claimed unless the *full* total amount of Income is shown. Care should be taken to state "tax paid" or

“tax deducted” opposite items the tax on which has already been paid or deducted. The expression “free of Income Tax” bears the same significance as “tax deducted,” and Income thus derived is not again assessable.

The incomes of children residing with their parents are not to be considered as part of the parents’ income; and where the children’s incomes are assessed separate claims for relief should be made, if necessary, in respect thereof.

ALLOWANCES IN RESPECT OF LIFE INSURANCE.

An allowance from the amount of assessment can be claimed in respect of Life Insurance or Deferred Annuity Premiums paid by a person on his own life or that of his wife. This applies to Friendly Societies and Colonial Insurance Companies, and to certain Foreign Companies. The premiums on which allowance is claimed must not exceed a sixth of the total Income assessed; thus, a person assessed on or in receipt of Income taxed direct or by deduction to the extent of £240 can claim up to £40 and no more.

It should be observed that this allowance is on the gross assessment and not on the nett amount charged after deducting any abatement. This deduction for Life Insurance or Deferred Annuity does not have the effect of giving total exemption when the Income is thereby reduced below £160, or abatements of £160, £150, £120, and £70, when the Total Income is thereby reduced below £400, £500, £600, and £700 respectively.

The allowance, of course, applies to Incomes under any or all of the different Schedules of charge.

It should be noted that tax on the interest on loans raised on the security of Insurance Policies is chargeable

at the higher rate of duty. This tax must be paid by *the borrower*, who is entitled to deduct it from the next payment of interest.

SOCIETIES, ETC., EXEMPT FROM TAX.

Property the profits from which are applied exclusively to charitable purposes is exempt from assessment. This exemption extends to the buildings themselves, such as poorhouses, charity schools, infirmaries, etc. Council and all other schools of a purely public character are also entitled to relief, subject, of course, to assessment upon rents, ground-rents, and mortgage interest, if any.

Friendly Societies, if duly registered as such, and if the Income is applied to relief in cases of sickness, death, etc., of members, are also exempt, but properties belonging to Co-operative, Provident, and Industrial Societies are chargeable.

The attention of Club Secretaries is called to the method to be adopted to obtain repayment of tax as given on page 76.

Literary and scientific institutions, if exclusively used as such, and where no rent is paid, nor payment received for instruction, are also exempt.

Church and chapel buildings are exempt, but *property* belonging to religious bodies, except where the income therefrom is wholly devoted towards charitable purposes by terms contained in any will, deed, or charter, is liable to assessment. Income from this source is treated as if it belonged to any individual liable to taxation.

The right of allowing exemption in all such cases is vested in the Special Commissioners, to whom applications for relief from assessment should be sent.

PART II.—FURTHER EXPLANATION : HOW TO OBTAIN RELIEF, ETC.

INTRODUCTION.

THE instructions and examples given in the following pages, if closely followed out, should remove most difficulties relating to proof of exemption, abatement, or overcharge.

In the first place, the taxpayer should closely examine any notice of charge or demand-note delivered by the Assessor or Collector, and if he is not satisfied as to the amount of assessment, he should promptly take steps to get the charge against him amended. Delay often proves fatal to the purpose of obtaining the necessary relief, and there is no doubt that many of the unjust assessments that cause so much dissatisfaction to aggrieved taxpayers are more often to be attributed to their own dilatoriness than to the seeming arbitrariness of the authorities.

It is a common error for the British subject to fondly believe that he cannot be made to pay Income Tax if he is not liable, or unless the authorities can prove that his income reaches the taxable amount. This is a fallacy, and the sooner the subject wakes up to the fact that the burden of *proof* of Income rests with himself and *not* with the Income Tax officials the better will it be for himself and everybody else concerned. Income Tax officials are allowed to use their own discretion in the matter, and it is their duty to assess any person whom

they consider liable to taxation, and it then becomes the business of that person to prove by facts and figures that he is entitled to the relief allowed him by the Income Tax Acts.

We will now proceed to explain the most effectual method of obtaining discharges and reductions of assessments, taking the different branches of the tax in the same order as is given in the "Explanation of Schedules" on page 2. It will, however, be necessary to explain more fully the incidence of each tax, so as to enable the reader to obtain a better grasp of the subject.

SCHEDULE A. OR PROPERTY TAX.

This is a tax on the Income of the Property owner or Landlord. It is based, as previously explained, on the rent where the property is let, or upon the annual value where the property is occupied by the owner.

Where the property is rented and local rates and repairs are paid by the Landlord, the assessment should be *the annual amount of rent, less the local rates and statutory allowance for repairs*. Property let in this way is rented on what is known as an inclusive tenancy. Such tenancies almost invariably relate to properties of small value.

Where, however, the tenant bears the cost of repairs and pays the rates, the allowances are not made, and the property is assessed on the actual amount of rent paid. The assessment in each case is called the Nett Annual Value.

All ordinary *local* rates paid by the landlord are allowed as a deduction. Payments of Income Tax, which are often claimed as an expense, are not allowable.

The allowance for repairs is made as follows:—

- (1) In the case of any house or building, with the exception of farm buildings, an allowance of *one-sixth* of the rent after deduction of rates, when such are borne by the owner. Where the tenant pays rates the full repairs allowance should be made on the actual rent payable.
- (2) In the case of farms—lands, farmhouses and out-buildings—an allowance of *one-eighth* of the gross rent (including Tithe). The same allowance applies to agricultural lands which do not necessarily include farm buildings.

Taking a supposititious case, the assessment upon a house rented at ten shillings per week on an inclusive tenancy would be arrived at as follows:—

	£	s.	d.
Annual rent at 10s. per week ...	26	0	0
Deduct rates paid by owner, say ...	5	12	0
	<hr/>		
	£20	8	0
Deduct repairs paid by owner (one-sixth of £20 8s.) ...	3	8	0
	<hr/>		
Assessment, being the Nett Annual Value ...	£17	0	0

If in the above case the tenant paid local rates, the nett assessment would be £21 13s., the allowance for repairs being a sixth of the rental of £26.

The assessment on a farm let under ordinary conditions at a rental of £250 per annum (including, say, £20 Tithe) would be made thus :

	£	s.	d.
Gross rent per annum	250	0	0
Deduct one-eighth for repairs ...	31	5	0
	<hr/>		
	218	15	0
Deduct Tithe... ..	20	0	0
	<hr/>		
Assessment being the Nett Annual			
Value	198	15	0

In very exceptional instances, where the landlord pays his tenant farmer's local rates, the allowance for repairs should, of course, be made after deduction of annual amount of rates.

It is important to note that in cases where the cost of repair is borne by the landlord, the allowance can be claimed whether he has expended anything for this purpose during the year of assessment or not. On the other hand, if the expenditure for repairs during the year has exceeded the legal allowance, no claim for the amount spent over and above the allowance can be entertained. It will thus be seen that the concession is intended to cover what is considered to be a fair average outlay for this purpose.

The farmer should note that for purposes of assessment under Schedule A, or Landlord's tax, tithe is deductible in the same way as rates.

Beneficial Occupation of Property.

It sometimes happens that property is let below its annual value, the owner foregoing the difference between the rent received and the true annual value for some consideration other than rent.

This applies more particularly to public-houses let by, and belonging to, brewers; and in such cases the Commissioners estimate the annual value and make the assessment upon the rent which they consider the property would realise if it belonged to an ordinary private owner.

In cases where other descriptions of property are beneficially occupied, the assessment can generally be made upon the actual rent, *if the occupier is exempt from Income Tax*. In cases where the occupier is liable to Income Tax the assessment is made upon the full annual value, but in such cases the owner's liability to taxation is restricted to the *actual rent* received by him, the tax on the balance being payable by the occupier.

Allowances from the Nett Assessment.

Should any loss occur on account of void property, the owner is entitled to an allowance for the period during which the property was vacant during the year of assessment. In the case of new property the proportion of tax for the period between the 5th of April and the date when the property first became occupied, or, under ordinary circumstances, when the rent commenced to accrue, should be claimed as void. In all such cases it is generally sufficient to call the Collector's attention to the fact when the demand note is delivered.

In case of loss of rent through default of an occupier, the owner is entitled to an abatement of tax according to the extent of his loss, on filling up a certificate (a simple form, the number of which is 146 B) which will be furnished him on application to the Collector or Surveyor of Taxes. Where, however, the occupier for the time being has fallen into arrear of rent, no relief can be granted.

Remission of Rent to Farmers on account of Agricultural Depression; and other Agricultural Allowances.

The Schedule A Tax can be allowed on the rent remitted by reason of depression, on the Landlord's certificate showing the percentage allowed. The allowance—which is due on the *whole* of the rent remitted and not on the remission less one-eighth—is made in some cases by simply producing the rent receipts for the year of assessment, but a proper certificate is generally expected; and as it is always better to be on the safe side, landowners are advised to utilise the simple form provided by the Department. The number of this form is 191, and it can be obtained on application to the Surveyor.

Drainage and other rates and Land Tax paid by the landlord are also deductible from the assessment.

Assessment upon Tithes.

Tithes and other rents of such nature are chargeable under Schedule A. These rents include Tithe-rent Charges, Surplice and other fees and offerings, and all other rents and payments in lieu of tithes arising from lands. The assessment on a Tithe rent Charge should

be the actual amount of Tithe payable in the year of assessment, and is, or should be, made on the basis of the values shown in the annual issue of *Willich's Tithe Commutation Tables*.

The owner is entitled to deduct from the assessment all local rates, Land Tax, all yearly Ecclesiastical charges and payments, dues, cost of collection of Tithes, and in short all expenses *necessarily* incurred in the performance of his duties.

Perhaps it would be well to explain here that where a curate is paid from Tithes the incumbent should protect himself by deduction of tax from the curate's salary, unless special arrangements have been made to exempt the salary. The curate can then claim repayment of the tax so deducted, if entitled to relief, using Form 40 or 40A (see page 71).

How the Assessments are made.

Assessments under Schedule A are usually made once in five years. The assessment once made and passed by the Commissioners stands for the whole period, the duties for each year varying according to the rate in the £ fixed annually by Act of Parliament. No additional assessment can be made on any house or other property during this period unless the premises are improved by structural alterations or additions, nor on Tithes or any description of rent chargeable under Schedule A. Should, however, property deteriorate or be destroyed, or rents—not excepting Tithes—depreciate, the assessment can be reduced accordingly.

The assessments are made from copies of the Poor Rate,

leave this space blank.

£ 300 at 5 per cent.....	T. & W. Baker, Solicitors...	15	0	0
Other Annual Payment	None	—	—	—

Total Charges...

Total Amount of Income from all sources less Charges...

20	0	0
148	0	0

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this.....15th.....day of...May.....190 .

Signed.....William Pell

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

(Private) Residence.....Hillier Pell

I hereby certify that the Claimant appears to be entitled to Exemption (or) an Abatement of £ and to be charged at the lower rate on £ of his income.

Surveyor of Taxes.

District.

Date.

INCOME TAX, 1901.

This page should be filled up when the Occupier is also the Owner of the Property, and claimant—

- (a) **Exemption or Abatement**, when the Income from all sources does not exceed £700.
 (b) **the Relief allowed to Earned Income**, when the Income from all sources does not exceed £2,000.

NOTE.—THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT

No. 1.—Particulars of Income.		£	s	d
	(a) From Trade, Profession, Office, Employment, or Vocation <i>Salary as Clerk</i>	170	0	0
	(b) From Property <i>Annual Rent of Maple Villa, St. John's Terrace (less sixpence)</i>	17	0	8
If you have no income falling under heads (c) to (e) write "NIL" in each space.	(c) From Capital or Rent of Land <i>Nil</i>			
State whether taxed before receipt, or not.	(d) From Annuities, Interest, Dividends, or other Income not already entered <i>Shares Great Western Railway tax deducted</i>	15	15	4
State whether included above, or, if none, write "NIL."	(e) Other Income <i>Nil</i>			
Total		168	0	0
No. 2.—Particulars of any Charges on Income.				
If there are no charges, write "NONE." It is not sufficient to leave this space blank.	Name of the charge.	The amount of the charge in the year ending on the 5th day of April, 1901.	Annual Rent.	Annual Rent.
	Ground Rent <i>Lord Walsworth</i>	5	0	0
	Mortgage or Loan <i>£ 5000 at 5 per cent</i>			
	Other Annual Payments <i>J. & W. Baker, Solicitors</i>	15	0	0
	<i>None</i>			
Total Charges.		20	0	0
Total Amount of Income from all sources less Charges.		148	0	0

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the year ending the 5th day of April, 1901, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this *15th* day of *May* 1901.

Signed

William Pell

(Private Residence)

Loughborough

N.B.—An occupier must state all his sources whether or not he is a tenant, and whether or not he is a proprietor.

I hereby certify that the Claimant appears to be entitled to Exemption (a) an Abatement of 1, and to be charged at the lower rate on 4 of his income.

Signature of Officer

District.

Date.

No. 9.

No. 9. INCOME TAX.—Schedule A.—190-1901.

Return of particulars required for the Assessment of Messuages and Tenements for the year ending 5th April, 1901.

To Mr. A. H. Stone

...

Maple Villa, St. John's Terrace...

I hereby certify that the particulars stated in the Income Tax Act, 1890, and in the Income Tax Act, 1900, are true and correct, and that I have not received any notice from the Commissioners of Inland Revenue, or from any other authority, requiring me to amend the particulars stated in this Return.

If I am the Owner of the property, I hereby certify that I have not received any notice from the Commissioners of Inland Revenue, or from any other authority, requiring me to amend the particulars stated in this Return.

I certify that the particulars stated in this Return are true and correct, and that I have not received any notice from the Commissioners of Inland Revenue, or from any other authority, requiring me to amend the particulars stated in this Return.

Dated this 1st day of April 1901

Matthew Stone

Inspector of Taxes

1901

SCHEDULE OF PARTICULARS.

1. Name of the Street or Road in which the Property is situated, and the Number of the House.	St. John's Terrace Maple Villa
2. Full Christian and Surname of Occupier	Thomas Henry Stone
3. Name and Address of Owner	William Fell, Longhurst
4. Whether the Property is occupied— (a) Wholly as a Private Residence, or (b) Partly as a Dwelling-house and partly for Trade or Business purposes. (c) Nature of the Business, if any.	(a) Private Dwelling House (b) Whole Premises
5. If the Tenancy is in respect of part only of a House, or of Premises, state what part.	£ 10 per quarter
6. Amount of Rent.	Agreement
7. Whether the Property is held under Lease or Agreement for a period of years, or by the Year, Quarter, Month, or Week.	25th March, 1901
8. (a) Date of Lease or Agreement. (b) Term of years for which granted. (c) Whether granted for any consideration in money, part or to be paid by the Tenant in addition to the Rent reserved, or (d) Upon any condition as to Tenant having out money in improvements.	(a) For 7 years (b) No (c) No
9. If the Occupier is the Owner, or has purchased the Lease, state the Annual Value of the Sum for which the Property is worth to be Let by the year, the Owner keeping it in repair.	Annual Value £
10. Amount of Land Tax (if any), and whether borne by Landlord or Tenant.	Land Tax £ 1 6 8 borne by the tenant
11. Whether all usual Tenants' Rates and Taxes are paid by the Occupier in addition to the Rent.	Yes
12. Whether the Tenant undertakes to bear the cost of Repairs, Insurance, and other expenses necessary to maintain the Property.	No

GENERAL DECLARATION.

I hereby declare that the foregoing particulars are in every respect fully and truly stated to the best of my judgment and belief, according to the directions and rules of the Income Tax Acts.

Dated this 1st day of April 1901

P. H. Stone

Occupier

Inspector

for Lease.

See Amount to be stated after 100 shillings, including Rent, and, if any, or Squares (PAGES OVER)

Parish or Place of.....Longhurst.....
No. of Assess.247.....

No. 9. INCOME TAX.—Schedule A.—190 -190 .

Return of particulars required for the Assessment of Messuages and Tenements
for the year ending 5th April, 190 .

To Mr.....T. H. Stone.....
(or the present Occupier),

of.....Maple Villa, St. John's Terrace.....

In conformity with the provisions contained in the Income Tax Act (5 & 6 Vict. c. 35), I hereby give you notice to make a true and correct Return, for the purposes of the said Act, of the several particulars required by the following Schedule, and to deliver such Return to me duly signed by you **within 21 days** from the date of this Notice.

If you are the **Owner** of the property and claim Exemption, Abatement, or the relief allowed in respect of Earned income, you should fill up the Schedule below, and also the Form printed on the other side, and sign the Declarations thereto.

Dated this.....21st.....day of.....April.....190 .

.....Matthew Jay.....Assessor of Income Tax.
190 .

SCHEDULE OF PARTICULARS.

(or other)

[TURN OVER

the gross and rateable value of each property being shown. From these copies forms are issued by the Assessors to each occupier, calling for a return of the rent paid, or, if the property is occupied by the owner, for an estimate of its annual value. A column is also provided for showing by whom the local rates are paid, so that a true and just assessment may be arrived at.

Should the occupier neglect to make the necessary return the Commissioners proceed to make an *estimated* assessment, which is generally based upon the *gross* value in the Poor Rate. They, however, are not bound in any way to take the Poor Rate as their guide, and if not satisfied that it represents the full value, they may disregard it altogether and assess the property upon what they consider to be its true annual value.

Notices of assessment are then issued and the day and place of appeal notified, so that any aggrieved taxpayer may have an opportunity to attend and endeavour to amend the assessment.

The above remarks do not apply in every particular to the assessment of property in the Metropolis, where the Surveyor of Taxes for the district makes the valuation in conjunction with the local rating authorities. When the gross estimated value has been once fixed by the Assessment Committee, such value must be considered as the assessable value for Income Tax and House Duty purposes, and stands for the ensuing five years, commencing on 6th April, subject to reduction in case of decreased value or rental in that period.

It is unnecessary to point out the vast importance of making a return as requested, so that the assess-

ment may be fixed without the trouble and worry of making a personal appeal, costing sometimes both time and money.

In cases of new property the assessments are made as soon as possible after the completion of the building. Forms are issued in the same way as for the general assessment above referred to, and the remarks thereon are equally applicable in these cases. The assessment on new properties cannot be increased, except in cases of structural improvement, until the next quinquennial re-assessment is made.

For the guidance of those who are called upon to make this return, we subjoin a copy of the Form issued, together with suggestions as to how it should be filled up.

Should the occupier be also owner of the house, and his income fall below the taxable amount, he should fill up the front page of the Form in the manner indicated, but using Column 9 instead of Columns 6, 7 and 8; and to claim the exemption it would be also necessary to fill up the back of the Form. A sample statement as to how this should be done is also submitted. The difference between the Full Rental Value, as shown on the front of the Form No. 9 (signed T. H. Stone) and the Annual Value on the back of the Form — viz., £6 13s. 4*d.*—is the legal allowance for repairs (page 13), and the owner's income is considered to be less by this amount.

Special note should be made that the remission to the lower rate of duty will only be made on "earned" incomes when the return is properly filled up and returned

before 30th September in the year for which duty has been charged.

It will be observed that in the second space (marked No. 2) on the back of the foregoing form, particulars of Ground-rent and Mortgage Interest are specially asked for; and as a great deal of misconception appears to prevail as to why this should be so, perhaps it would not be out of place to explain here in detail the reason:

Ground-Rent and Mortgage Interest.

For Income Tax purposes all incomes, as far as possible, are taxed at their source, and for this reason Ground-rent and Interest are taxed on the property on which they are secured. The property owner reimburses himself by deduction of the tax from the Ground-rent and Mortgage Interest, and the law protects him from loss, by compelling, under a penalty of £50, the persons who benefit by these charges to allow the tax on the amount received by them. Thus a Ground-rent of £2 with tax chargeable at 1s. would be taxed 2s., and accordingly the nett amount of Ground-rent payable would be £2, less 2s., viz., £1 18s.

A Mortgagee's Income Tax would be paid and deducted by the mortgagor in the same manner. For instance, an owner contracts a mortgage of £500 at 5 per cent., secured on his property. He is responsible for payment of Tax to the Revenue on £25 Interest, which in this case would be (at 1s. in the £) £1 5s., which sum he is entitled to deduct from the next instalment of Interest payable to the Mortgagee. The *nett* annual amount of Interest

payable in this case would be £23 15s. In this way the burden eventually falls upon the beneficiary, *i.e.*, if he is liable to taxation. If not liable, he should apply for repayment of the amount deducted by the mortgagor. (see instructions, page 70).

In late years certain Building Societies have entered into arrangements with the authorities whereby tax on Interest under the mortgages issued by them is paid direct by the Societies, instead of by payment and subsequent deduction by the mortgagors, and in such cases the owners of the property should see that they are not taxed on the amount of mortgage interest payable by them to the Societies. Where necessary, an official Certificate, signed by the Secretary, showing the amount of Interest paid or payable in any given year, should be sent to the Surveyor of Taxes, and the proper allowance will then be made. In cases where tax has already been paid, it should be recovered as directed in page 79.

Duly registered Friendly Societies, being also exempt from taxation, the interest payable on any mortgages advanced by them should also be exempted from taxation. As a general rule, however, Societies allow the deduction on proof of payment of tax on interest being furnished by the borrower, afterwards claiming relief by way of repayment through Somerset House, according to directions in page 76.

From the foregoing it will be seen that however small a person's income may be, he is liable for the time being on certain charges, but that eventually the tax, by deduction, falls upon the right shoulders, *i.e.*, the persons, such as ground-landlords, and mortgagees, who benefit by the charges.

INCOME TAX, 190 - .

**CLAIM FOR EXEMPTION, ABATEMENT, OR THE RELIEF ALLOWED
IN RESPECT OF EARNED INCOME.**

This form should be used by any person desiring to claim Exemption, Abatement, or the Relief allowed in respect of Earned Income.

Full instructions as to the filling up of the form are given on page 2.*

If an allowance is claimed in respect of Life Assurance Premiums, the space at the foot of this page should be filled up.

The form should be completed, signed by the claimant, and returned to the Surveyor

INCOME TAX, 190 . .

CLAIM FOR EXEMPTION, ABATEMENT, OR THE RELIEF ALLOWED
IN RESPECT OF EARNED INCOME.

This form should be used by any person desiring to claim Exemption, Abatement, or the Relief allowed in respect of Earned Income.

Full instructions as to the filling up of the form are given on page 2*.

If an allowance is claimed in respect of Life Assurance Premiums, the space at the foot of this page should be filled up.

The form should be completed, signed by the claimant, and returned to the Surveyor of Taxes,

or to the Assessor of Taxes for the Parish in which the claimant resides, within seven days from the date

Dated

190 .

To Mr John Chisham,

..... 21, Headley Street,

..... Brixton.....

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE PREMIUMS OR
PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

The Allowance is authorised only in respect of Premiums paid on the Claimant's own life, or on that of his wife; it is limited to an expenditure on Annual Premiums not exceeding one-sixth of the Claimant's Net Personal Income from all sources, and has not the effect of giving Exemption, Abatement, or Relief in respect of "Earned Income," where the total Income is thereby reduced below the respective limits. In order that the Allowance may be granted in respect of such Premiums, the under-mentioned particulars should be stated, and the Receipts for the Premiums should, if required, be transmitted to the Surveyor of Taxes.

Names of Person whose Life the Insurance is effected	Name of Insurer, and of Friendly Society	Amount of Premiums claimed as an Allowance from the profits stated on page 4

I claim an Allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the income entered on page 3 of this form.

Signature.

[TURN OVER.]

* Note—Page 2 gives general directions already explained in the text, and therefore need not be repeated here. Special note also to be made that the time limit for claiming relief from "earned" income is that of 10 days after the date of assessment—see 1.

INCOME TAX, 190 . .

CLAIM for—

- (a) **Exemption or Abatement**, when the Income from all sources does not exceed £700.
 (b) the **Relief allowed to Earned Income**, when the Income from all sources does not exceed £2,000.

NOTE.—THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT

No. 1. Particulars of Income.		£	s	d
If you have no income falling under heads (b) to (e) write "NIL" in each space	(a) Trade, Profession, Office, Employment, or Vocation — <i>Journeymen in Filter, 35/- per week</i>	91	0	0
	(b) From Property — <i>Two Houses 15 & 16 Holly Road, Brixton</i> <i>Annual Value of Residence of which I am tenant</i>	25	0	0
	From the Occupation of Land — <i>Nil</i>			
State whether taxed before receipt or not	(c) From Annuities, Interest, Dividends, or other Income not already entered — <i>Nil</i>			
	(d) Wife's Income — <i>Nil</i>			
State whether included above or if none write "NIL"	Total	135	0	0
	No. 2.—Particulars of any Charges on Income. (If a married man, the amount of the tax paid by the wife must be entered in the column headed "Amount Available for the Taxpayer")			
If there are no charges, write "NONE". If it is not sufficient to leave this space blank	(a) Rent — <i>Land, Indreby, for Holly Road</i>	5	0	
	Mortgage or Loan — <i>at</i>			
	Interest paid — <i>None</i>			
	Other Annual Payments — <i>None</i>			
Total Charges		5	0	0
Total Amount of Income from all sources less Charges		130	0	0

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income

Given under my hand this *15th* day of *May* 190

Signed *John Chisham,*

(Printed Name) *21, Headley Street, Brixton*

Note.—Taxpayer must state after his signature whether Married, Single, or Widower

I hereby certify that the Claimant appears to be entitled to an Exemption from an Abatement of £ and to be charged at the lower rate on £ of his income.

Surgeon of Taxes

District.

Date

statement to
leave this
space blank.

per cent.	None			
Other Annual Pay- ment	None			

Total Charges	3	5	0
Total Amount of Income from all sources less Charges...	131	15	0

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this,....*15th*.....day of.....*May*..... 190 .

Signed.....*John Chisham*.....
(Private) Residence.....*21, Headley Street, Brighton*.....

Note.—A woman must state after her signature whether *Married, Widowed, or Spinster*.

I hereby certify that the Claimant appears to be entitled to Exemption (or) an Abatement of £ , and to be charged at the lower rate on £ of his income.

Surveyor of Taxes.
District.
Date.

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Care should be taken, in cases of freehold land, or where there is no Mortgage, to state distinctly in Space 2 of the form of claim of exemption "No Ground-rent" or "No Mortgage" as the case may be. No deductions other than Ground-rent, Mortgage Interest, and, in the rare cases in which they occur, compulsory annual charges, such as annuities, etc., payable out of rents, should be shown in this space, all such charges being taxable on the owner, whatever the amount of his income, as already explained.

After the foregoing remarks, it is perhaps unnecessary to explain, in the supposititious case given (signed William Pell), that although his income falls below the taxable amount and he is clearly entitled to total exemption, it falls upon him to pay to the Revenue the tax upon £20 Ground-rent and Mortgage Interest, and then to recover the tax by deduction from the Ground-landlord and Mortgagee respectively.

Ordinary Claim of Exemption.

In the case of property that is not new, and where the owner is exempt, he should apply to the Collector or Surveyor of Taxes for a form (No. 38), which does not differ materially from Form No. 9 already alluded to. Perhaps the appended sample statement on a form of this description may be of use to persons who acquire property and wish to prove their exemption from taxation.

In this case the owner would be taxed on the Ground-rent of £3 5s. only (there being no mortgage) and the tax paid by him would be recoverable from his Ground-landlord.

In cases of persons not employed on wages, such as tradespeople, where there would be no doubt as to their title to exemption, no difficulty should be experienced in *estimating* the profits of their business. The Commissioners of Taxes wisely allow a wide discretion in cases of this description, and, if the assessor is satisfied as to their title to exemption, do not insist upon production of accounts, it being generally sufficient to take a rough estimate, and state, for instance, in Section 1 of Form No. 38:

“Small greengrocery business, average weekly profits, £1 15s.” followed by a full description and particulars of income derived from property and any other sources.

It should be observed that where the Commissioners have made an assessment under Schedule D upon the profits derived from trade, it is not sufficient to fill up the form alluded to. For mode of procedure in such cases reference should be made to regulations under Schedule D (page 41).

Claims for Abatement.

In cases where a person is liable to Income Tax, but his total nett Income does not exceed £700, he should take care that the full statutory allowance of £160 or, as the case may be, £150, £120, or £70, is allowed. Should his income from profession, employment, or vocation cover any of these abatements, the full allowance is generally made on the assessments *under these heads*, and income derived from property or other sources, in such cases is, therefore, fully taxed. If, for instance, his income

from profession, vocation, or employment falls below £160, he should see that the difference between his income from this source and the abatement to which he is entitled is allowed under another head. For instance :—

- (1) A's total nett Income is £358. He should pay on a nett value of £358 less £160, *viz.*, £198. We will suppose his Income is made up as follows :—

	£	s.	d.
Employment	130	0	0
House property, including Ground- rent	123	0	0
From dividends (tax deducted) ...	110	0	0
<hr/>			
Total <i>gross</i> Income ...	363	0	0
Less Ground rent	5	0	0
<hr/>			
Total <i>nett</i> Income ...	358	0	0
<hr/>			

He would probably be allowed the whole of the £130 derived from employment as *part* of the abatement of £160 to which he is entitled, in which case he would pay no tax on income derived from employment and he should see that in addition the tax on the balance of £30 is allowed off the property.

INCOME TAX

(2) *B's* total nett Income is £490, made up as follows :—

			£	s.	d.
From employment	...	...	90	0	0
House property	...	...	112	10	0
Dividends from shares (tax deducted)			220	0	0
Annuity (tax deducted)	...	...	95	0	0
			<hr/>		
Total <i>gross</i> Income	...	...	517	10	0
Less Ground-rent	...	£15 0 0			
„ Interest on Mortgage	12 10 0				
			<hr/>		
			27	10	0
			<hr/>		
Total <i>nett</i> Income	...	...	490	0	0
			<hr/>		

The form should be filled up in exactly the same manner as in the preceding case, and the abatement of £150 to which *B* is entitled would probably be allowed as follows :—

Income from employment untaxed	£	s.	d.
and allowed as part abatement	90	0	0
Balance allowed from House Property	60	0	0
<hr/>			
	£150	0	0

In *A's* case he would be liable to pay tax on £363 less £160, total £203, but as he would deduct tax on £5 from the Ground-landlord, his ultimate out-of-pocket tax would be on £198. He should pay personally on £88 only, £110 having been taxed already.

In *B's* case he would pay on £517 10s. less £150, total £367 10s., but as he would be entitled to deduct

tax on £15 Ground-rent, and £12 10s. Interest from the Ground-landlord and Mortgagee respectively, his ultimate nett liability would be £340 (of which the tax on £315 would not be paid by himself, being already assessed by deduction), and no more.

It will be observed that in stating Income from property, Ground-rent and Interest cannot be deducted in the first space of the form, special provision for such deductions being made in the second space (see also page 21).

SCHEDULE B, OR FARMER'S TAX.

This is a Tax upon Income derived from farming or husbandry, and as it concerns all occupiers of land, whether tenant farmers or freeholders, a brief explanation as to the mode of assessment will be of advantage.

How the Assessments are made.

Like Schedule A, the assessments are usually made once in five years, and the rules governing Schedule A Tax also apply to Schedule B as far as the unchangeableness of the assessment during this period is concerned, except in cases where the rent is reduced in the interval. Should the rent be *increased* during the five years, and no change of tenants takes place, the assessment is not correspondingly increased unless the area of the farm itself is extended, or any substantial improvement is made in the farm buildings. Should, however, any part be taken away, or the rent lowered, the assessment should be reduced accordingly.

The assessments are based upon the gross rent, *including tithe*, where the farm is rented, or upon the

gross annual value where the landlord is also occupier. As the assumed profits of farmers according to law are one-third of the total rent and tithe, a tenant paying a gross rent of £480, and having no other source of income, is altogether exempt (one-third of £480 being £160, and incomes of £160 being exempt from taxation). Until comparatively recently farming profits were assumed to be *one-half* of the gross rent. This most valuable concession was made in consequence of the widespread complaints of long-continued depression, and the persistent objection of farmers to the principle of a fixed criterion of profits, which was admittedly high taking into consideration foreign competition and low home prices. The result is that a very large percentage of farmers have been entirely exempted from taxation of profits, while the remainder have been so relieved that it is safe to predict that cause for complaint against a hard and fast standard has been as far removed as, under the present system of assessment, it can possibly be.

The law as at present constituted allows :—

- (1) The total exemption of small and middle-class farmers paying rent up to £480 per annum; and
- (2) The allowance of £480 for farmers paying a gross rent of more than £480, but not exceeding £1,200; an allowance of £450 to those paying a rental of more than £1,200, but not exceeding £1,500 per annum; an allowance of £360 for rentals exceeding £1,500, but not exceeding £1,800; and an allowance of £210 in the case of farms let for more than £1,800, but not more than £2,100.

No. 38.

Parish or Place of... *Johnstown...*
No. of Assesst... *4,900...*

INCOME TAX, 190 - .

CLAIM FOR EXEMPTION, ABATEMENT, OR THE RELIEF ALLOWED IN RESPECT OF EARNED INCOME.

This form should be used by any person desiring to claim Exemption, Abatement, or the Relief allowed in respect of Earned Income.

Full instructions as to the filling up of the form are given on page 2.*

If an allowance is claimed in respect of Life Assurance Premiums, the space at the foot of this page should be filled up.

The form should be completed, signed by the claimant, and returned to the Surveyor of Taxes,

INCOME TAX, 190 - .

CLAIM FOR EXEMPTION, ABATEMENT, OR THE RELIEF ALLOWED
IN RESPECT OF EARNED INCOME.

This form should be used by any person desiring to claim Exemption, Abatement, or the Relief allowed in respect of Earned Income.

Full instructions as to the filling up of the form are given on page 2.

If an allowance is claimed in respect of Life Assurance Premiums, the space at the foot of this page should be filled up.

The form should be completed, signed by the claimant, and returned to the Surveyor of Taxes,

or to the Assessor of Taxes for the Parish in which the claimant resides, within seven days from this date.

Dated

190 .

To.....*Mr. John Brown*.....

.....*Harley Farm,*

.....*Johnstown.*.....

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE PREMIUMS OR
PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

The Allowance is authorised only in respect of Premiums paid on the Claimant's own life, or on that of his wife, it is limited to an expenditure on Annual Premiums not exceeding one-sixth of the Claimant's Net Personal Income from all sources, and has not the effect of giving Exemption, Abatement, or Relief in respect of "Earned Income," where the total Income is thereby reduced below the respective limits. In order that the Allowance may be granted in respect of such Premiums, the undermentioned particulars should be stated, and the Receipts for the Premiums should, if required, be transmitted to the Surveyor of Taxes.

Name of Person on whose Life the Insurance or Annuity is effected	Name of Insurance Company or Friendly Society	Amount of Premiums claimed as an Allowance from the profits stated on page 3
—	—	—

I claim an Allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the income entered on page 3 of this form.

.....Signature.

[TURN OVER.

* Note—Page 2 gives general directions already explained in the text, and therefore not necessary to repeat here. Special note should be made that the time limit for claiming Exemption on "Earned Income" is 30th September in the year of Assessment—i.e., 1900.

INCOME TAX, 190 - .

CLAIM for—

- (a) **Exemption or Abatement**, when the Income from all sources does not exceed £700.
 (b) the **Relief allowed to Earned Income**, when the Income from all sources does not exceed £2,000.

NOTE.—THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT

No. 1—Particulars of Income.			
		£	s. d.
	(a) From Trade, Profession, Office, Employment, or Vocation — <div style="text-align: center;"><i>None</i></div>		
If you have no income falling under heads (a) to (c) write "Nil" in each space	(b) From Property — <i>Two Freehold Houses, Wilton Street, Johnstown</i>	26	0 0
	(c) From the Occupation of Land <i>Gross Rent of Harley Farm, £375—one-third</i>	125	0 0
State whether taxed before receipt, or not	(d) From Annuities, Interest, Dividends, or other Income not already entered.— <i>Interest Debenture Stock, London & North-Western Railway</i>	7	0 0
	(e) Wife's Income — <div style="text-align: center;"><i>Nil</i></div>		
Total.		156	0 0
No. 2.—Particulars of any Charges on Income.			
(Life Assurance Premiums should not be entered here, but on page 1.)			
Nature of the Charge	Name and Residence of Person to whom payable	Annual Amt thereof	£ s. d.
Ground Rent			
Mortgage or Loan			
£ at	<i>None</i>		
per cent . . .			
Other Annual Payment			
Total Charges.			<i>None</i>
Total Amount of Income from all sources less Charges.		156	0 0

I declare that the above statement contains a full, just, and true account and return of the Whole of my Income from every source whatsoever, for the Year ending the 31st day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this *19th* day of *June* 190
 Signed *John Brown*
 (Private) Residence *Harley Farm Johnstown*

Note.—A woman must state after her signature whether Married, Widowed, or Spinster

I hereby certify that the Claimant appears to be entitled to Exemption (or) an Abatement of £ and to be charged at the lower rate on £ of his income.

Surveyor of Taxes
 District.
 Date.

INCOME TAX, 190 - .

CLAIM for—

Total Amount of Income from all sources less Charges...

Total Charges...		
None		
156	0	0

I declare that the above statement contains a full, just, and true account and return of the Whole of my Income from every source whatsoever, for the Year ending the 5th day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this.....19th.....day of.....June.....190 .

Signed.....John Brown.....

(Private) Residence.....Harley Farm, Johnstown.....

I hereby certify that the Claimant appears to be entitled to Exemption (or) an Abatement of £ , and to be charged at the lower rate on £ of his income.

Surveyor of Taxes.

District.

Date.

Note.—A woman must state after her signature whether Married, Widow, or Spinster.

For instance, the nett assessment of a farmer paying rent of £600 per annum should now be £40 only; thus :

	£
Gross rent	600
Statutory abatement	480
	<hr/>
	120
One-third, being Schedule B Assessment	40
Tax on which, at 1s. in the £, is £2.	

Under the Finance Act, 1907, farming profits being "earned" income, the farmer may obtain the statutory remission provided claim for relief is made before 30th September in the financial year.

In these hypothetical cases it is assumed that the farmer has no other income, or that his total income from all sources, which are taxed, does not exceed £400 per annum. Where his aggregate income exceeds £400 and does not exceed £500, he is, of course, only entitled to an allowance of rent to the extent of £450, which is equal to the £150 allowed under the other Schedules of charge; and if his total income from all sources exceeds £700, he is not entitled to any abatement. Thus, the occupier of land to the extent of £600 rental, who has independent income which, together with the assumed profits of £200 from land, exceeds £400, but does not exceed £500, would be taxable on £50 nett; and a farmer occupying land of the same value, but whose aggregate income exceeds £700, would be liable to a nett assessment under Schedule B of £200.

It is worthy of note that a farm-house and buildings

are still considered as forming part of the gross rent, and are therefore assessable under Schedule B, notwithstanding the provisions of the Agricultural Rating Act of 1896, by the terms of which they are separately rated for local purposes. Dwelling-houses on, but not used in connection with, the farm are not to form part of the Schedule B assessment.

Usually once every five years Forms calling for a return of rent and tithe paid are sent out to all occupiers, and these should be carefully filled up so as to insure a proper assessment, or, if the occupier's *total* income (counting that derived from farming as one-third the rent and tithe) does not exceed £160 per annum, that total exemption from taxation be proved to the satisfaction of the Commissioners of Taxes. The farmer must set forth on the last page of this form, in addition to income derived, or supposed to be derived, from farming, particulars of any other income he may possess; and if his total annual income does not exceed the £160 before mentioned, no Income Tax is payable.

Should he find that a demand is afterwards made for payment of Schedule B, or, indeed, tax under any Schedule, he should at once apply to the Surveyor of Taxes for a form (No. 38), and claim exemption by making a formal statement of his income, and delivering it to the Surveyor.

For the sake of illustration: John Brown farms land the total rent of which is £375 per annum. He has besides two freehold houses, from which he derives a nett rent of £26 per annum, and a small Railway Stock of £100, paying a dividend of 5 per cent. There is no

Parish of.....*Ryton*.....
County of.....*Mon.*.....

HUSBANDRY (particulars of which are entered

	£	s.	d.
... ..	457	10	0
... ..	277	10	0
... sold	138	15	7
Hay, Straw, or Roots sold ...	326	8	8
... s, &c., hired out	17	16	0
... to graze	—	—	—
... (head) and Produce at end of year	2412	0	0
<i>£s sold</i>	29	10	6
... ..			
... ed by Household, say	70	0	0
	£ 3729	10	9

occupier of the Lands or of his family are not to be included.

.....

duckpool Farm,.....

.....*24 March, 190*

the year cannot be shown in the above Account.

...ling on† the ...*2nd*...day of...*February*...190
...responding day of previous years [§ except in the

...ount is the average one.

Signature.....*Cornelius Malt*.....

Postal Address.....*Duckpool Farm*.....

Date.....*24/3/...*190 .

INCOME TAX.

Parish of *Ryton*
County of *Mon*STATEMENT of PAYMENTS and RECEIPTS in respect of Lands in my occupation for the purposes of His Majesty (particulars of which are entered at the back of this form) for the year ending *2nd February, 1900*

PAYMENTS —	£	s	d	RECEIPTS —	£	s	d
* Value of Stock alive and dead and Produce at beginning of year	1122	0	0	Live Stock and Wood	1578	10	0
Live stock bought	185	10	0	Corn and Seeds sold	277	10	0
Corn and Seeds bought for seed	52	16	0	Dairy Produce and Poultry sold	138	15	7
Fishing Stuffs, Oil Cakes, and Manure bought	117	17	6	Other Produce, including Hired Stock, &c.	196	8	8
Rent (plus Lido, if any paid by Tenant in addition to rent)	550	0	0	Tools or Stock Implements, &c. sold or let	1	16	0
The amount of (a) the <i>Sch. 1</i> tax and (b) the <i>Sch. 2</i> tax assessed (not the Duty paid) and (c) the Tax paid if the occupier is also the Owner	50	0	0	* Value of Stock alive and dead and Produce at end of year	1112	0	0
Rates, Taxes (including Income Tax) and Insurance of Farm Stock	92	5	0	OTHER RECEIPTS, viz.			
Labour on the Farm	387	15	0	<i>Wool sales</i>	29	10	6
† Tradesmen's account for Goods supplied or work done upon the Farm	78	0	0				
‡ Sundries, say	15	0	0	Value of Farm Produce used by Household, say	70	0	0
	1811	5	6		77	10	9

* This is the value of Stock and Produce only—namely including tillage, &c.

† Deductions of Expenses for the maintenance of the occupier of the land and of the family are not to be included.

Signature

Cornelius Malt

Address

*Duckpool Farm, ...*Date *27 March, 1900*

Form of Declaration to be filled up and signed, when the value of the Stock at the beginning and end of the year cannot be shown in the above Account.

I solemnly and sincerely declare that the amount of live and dead stock and produce (*) upon my holding on the *2nd day of February, 1900* did not differ materially for the purposes of this account from the average amount in hand on the corresponding day of previous years (‡) except in the particulars stated below which are true to the best of my knowledge and belief.

† Name the days on which accounts are made up.

‡ State out the works in brackets if the amount is the average one.

Particulars of difference referred to above.

Description of Stock and Produce	Increase	Decrease
<i>Cattle</i>	<i>£75</i>	
<i>Sheep</i>	<i>£15</i>	

Signature *Cornelius Malt*Postal Address *Duckpool Farm*Date *27 March, 1900*

PARTICULARS OF THE LANDS TO WHICH THE APPEAL RELATES.

Parish	Occupier	Owner	Name of the Land	Year 1890		Total amount of the Rateable Value	Amount of Rent payable in respect of the Land to which the Appeal relates	Annual value of the Land and of the buildings thereon, as shown in the Schedule of the Assessment of the Land
				Yield	Expense			
Ryton	C. Molt	Sir J. Ryckton	Duckpool Farm	104	270	0	25	0
Granton	do	C. Molt	Year do.	—	21	—	—	30

Appellant

Cornelius Molt

No. 790.

Farmer's Appeals.

OFFICE OF THE SURVEYOR OF TAXES.

North.

January 15th, 1901.

SIR,

With reference to the notice which you have given of your intention to appeal for relief from the Income Tax charged under Schedule B in respect of the Lands occupied by you for the purposes of Husbandry, I have to request that you will be good enough to furnish the particulars required by this form so far as they are applicable to your case, and return it to me *within ten days from this date*.

Particulars of the Lands to which your appeal relates should be entered in the Schedule on the back hereof.

I am,

SIR,

Your Obedient Servant,

W. C. Walpole,

Surveyor of Taxes

To Mr Cornelius Molt,

Duckpool Farm,

Ryton

Appeals.

OFFICE OF THE SURVEYOR OF TAXES,

.....*Norwich*.....

.....*January 15th, 190 .*

SIR,

WITH reference to the notice which you have given of your intention to appeal for relief from the same Tax charged under Schedule B in respect of the Lands occupied by you for the purposes of husbandry, I have to request that you will be good enough to furnish the particulars required by this form so far as they are applicable to your case, and return it to me *within ten days from this date.*

Particulars of the Lands to which your appeal relates should be entered in the Schedule on the back hereof.

I am,

SIR,

Your Obedient Servant,

.....*C. Walpole*,.....

Surveyor of Taxes.

Cornelius Malt,.....

Duckpool Farm,.....

.....*Ryton*.....

Mortgage on his property, and there should, therefore, be no property tax payable thereon. His statement should be made out as in Table 38 herewith.

It must not be supposed that the farmer is bound to accept the rule laid down that the rental is a sure criterion of profit. The assumption that profits amount to a certain proportion of the rent paid has only been adopted in Income Tax law for the convenience of those farmers who pay such small rentals that their title to exemption is not disputed. On the other hand, it is convenient as a rough and ready method for the assessment of those better-class farmers who are either too careless or too indifferent to keep a statement of accounts available, if necessary, as proof of their right to relief.

The only difference between a farmer paying such a small rental that he is clearly exempt, and another whose rental according to law is heavy enough to warrant taxation is, that in the former case the holding is altogether exempted when the general quinquennial assessment is made, and he is not troubled further for the space of five or more years, whereas in the latter instance, even when he proves by accounts in any year his title to exemption or partial relief, he is again taxed on the same assessment (*i.e.*, on the statutory proportion of the gross rental) in the following and subsequent years, and has to go through the same process to obtain the necessary relief if his condition has not sufficiently improved to justify an assessment upon him according to the rent paid.

The form provided in cases of appeal on account of diminished profits or loss on the year's working can be obtained on application to the Surveyor of Taxes for the

district in which the appellant resides. The statement required is simple enough, and can be easily made by the average farmer. The number of the form is 79D, and for the guidance and information of those concerned, a copy of the form is appended with an example of an account showing a loss.

For Income Tax purposes the Commissioners of Taxes will accept a statement for the financial year ending April 5th if made up for any year ending as near as possible to that date. Thus, if a farmer's accounts are usually made up to December 31st preceding they will be accepted as applicable to the year ending April 5th following.

Accommodation Land.

No relief can be allowed under Schedule B to persons such as butchers, drovers, and cattle dealers, or tradesmen of any description, who are otherwise liable to Income Tax, in respect of occupation of land for purposes of business. In such cases it would be impossible to render an account of income derived or loss suffered from the occupation of land as distinct from their trade. For the same reason gentlemen occupying land for convenience of tacking horses, etc., thereon, would be unable to prove their title to exemption.

Effect of Rent Rebatelements on Schedule B.

It should be borne in mind that rent rebatelements or allowances can be claimed as a deduction from the Schedule B as well as from Schedule A assessments. The rent receipts, or a certificate on the official form

No. 191 from the Landlord—the latter for preference—must be furnished to the Surveyor of Taxes, who will instruct the Collector to make the necessary allowance.

It sometimes happens that an allowance by the Landlord has the effect of totally exempting a farmer, whose gross rent already borders on exemption, from payment of Schedule B. In such cases, and indeed in every case of doubt, no harm is done by consultation with the Income Tax officials, who have been instructed to afford proper facilities to all persons who desire to obtain relief.

Joint Occupation of Land.

It is perhaps unnecessary to point out that in case of joint occupation of land, exemption or abatement may be claimed by *each* occupier if necessary. In such cases, if the income is derived solely from farming, two occupiers paying a joint rent not exceeding £960 would be entirely exempt from Schedule B taxation.

Farmers' Right of Option of Assessment under Schedule D.

To further safeguard and assist those who are nominally liable to Schedule B, but whose profits fall below the standard set by law, a farmer may elect to be assessed under Schedule D of the Income Tax Acts. In such cases the *average* profit for the preceding three years is taken, and the annual value or rent of the farm totally disregarded, except in so far as the deduction of the rent from the gross profit is concerned.

This choice of method does not appear to be taken

so much advantage of as was anticipated it would be by those responsible for its passage into law, but this doubtless is to be accounted for by the fact that in the large majority of cases the ordinary means for proving exemption or for claiming relief is considered to be quite sufficient and satisfactory. In very large holdings no doubt the Schedule D method would prove of considerable advantage, as the losses of any particular year could be claimed as a set-off from the profits of other years.

When a farmer chooses to be assessed under this method, he must give written notice of his intention to be assessed under Schedule D rules to the Surveyor of Taxes before the 5th of June in the financial year.

In connection with this option of method of assessment we cannot do better than reproduce a useful little pamphlet issued by the Board of Agriculture, and ordered to be circulated for the information of farmers.

BOARD OF AGRICULTURE.

FARMERS AND THE INCOME TAX.

The Board of Agriculture and Fisheries desire to give publicity to the following Memorandum, compiled under the authority of the Board of Inland Revenue, which sets out the principles upon which assessments to Income Tax are made in the case of persons occupying lands for the purpose of husbandry only, and the various rights of appeal and relief which exist.

By the exercise of the option (referred to in paragraph

No. 4 of the Memorandum) of being dealt with according to the rules of Schedule D of the Income Tax Acts, occupiers of land for the purpose of husbandry only who have made no profits therefrom on the average of the three years preceding the year of assessment, or whose aggregate income from every source does not exceed £160 a year, are not assessed to Income Tax in respect of such occupation, provided, of course, that the returns they make on the form which will be supplied to them by the Surveyor of Taxes for assessment under Schedule D are regarded as satisfactory by the Commissioners of Taxes. In such cases no appeal to the Commissioners is requisite, since no assessment is made, and no question arises involving payment and subsequent repayment of the tax.

Where assessments are made under Schedule B, the law provides ample means of obtaining relief if at the end of the year the farmer has made no profits, or if his profits have fallen short of the sum assessed, but by reason of the fact that the Commissioners of Taxes require the production of accounts before they issue a certificate for repayment, the process is necessarily somewhat troublesome to the farmer. It is for this reason that the making of a return for assessment under Schedule D would in many cases be a simpler and more advantageous proceeding.

In any case of difficulty arising under any of the heads mentioned in the Memorandum, the Board recommend that application for advice and assistance should be at once made to the local Surveyor of Taxes.

MEMORANDUM.

Income Tax. Schedules A and B on Lands used for the purposes of husbandry.

1. Income Tax is chargeable on the annual value of lands under Schedule A in respect of the ownership, and under Schedule B in respect of the profits derived from the occupation. The rate of tax under Schedule A is 1s.* on the annual value, less certain deductions. Under Schedule B it is now 9d. on one-third of the annual value, including tithe rent charge, without deduction, provided that the total income does not exceed £2,000, and that a claim to be charged at the lower rate of 9d. has been made in due time (*see* paragraph 11).

2. "Annual value" means the rack rent at which lands are worth to be let by the year, that is, the yearly rent which a tenant might reasonably be expected, taking one year with another, to pay for the lands, if the tenant undertook to pay all usual tenant's rates and taxes and if the landlord undertook to bear the cost of repairs and the other expenses necessary to maintain the property in a state to command that rent. The Finance Act of 1894 authorises an allowance from the assessment under Schedule A of one-eighth part of the annual value of the lands (inclusive of farm-houses, and other buildings if any) as determined by the Commissioners of Taxes for the district.

3. Under the Finance Act of 1896, any owner or other person in receipt of the rent of any lands, although not the occupier thereof, has the same right

* For 1903–1909 the normal rate of tax is 1s. in the £.

of appeal under Schedule A as if the assessment were made upon him.

4. Any person occupying lands for the purpose of husbandry only may elect to be assessed under Schedule D on the average profits of the three preceding years instead of being assessed under Schedule B on one-third of the annual value. The election of such person to be assessed under Schedule D must be signified by notice in writing addressed to the Surveyor of Taxes for the district on or before the 5th of June in each year. In Scotland the time within which notice must be given to the Surveyor is extended to the 5th of August.

5. Meetings of the Commissioners of Taxes are held annually between the 29th of September and the 25th of December for the purpose of hearing appeals under Schedules A and B and D. In England and Wales intimation of the dates of these meetings is given by notice affixed to church and chapel doors, and any person aggrieved by the assessments made upon him may appeal, on giving ten days' notice of his intention either to the local assessor or to the district Surveyor of Taxes. In Scotland notice of intention to appeal should be sent to the Surveyor of Taxes for the district within ten days after receipt of the notice of assessment, and thereafter intimation will be given of the place and date of the meeting of the Commissioners.

6. The Commissioners also hold meetings after the expiration of the year of assessment for the purpose of hearing appeals by persons who have paid Income Tax under Schedule B or D on amounts in excess of the actual profits made in that year.

7. Persons who desire to appeal with a view to obtaining repayment on the ground of loss or diminution of profits must apply to the Surveyor of Taxes within six months from the 5th of April for information as to the time and place of meeting of the Commissioners.

8. Persons who have sustained a loss by farming operations may obtain repayment of the tax paid under Schedule B or D, and also to the extent of such loss, repayment of tax paid in respect of their incomes (if any) derived from sources other than from occupation of land.

9. The printed form of account of profit and loss for the use of farmers has been provided by the Commissioners of Inland Revenue, and may be obtained on application to any Surveyor of Taxes.*

10. The Commissioners of Inland Revenue have instructed their officers not to object to the admission of farming accounts made up annually from Michaelmas Day instead of from Lady Day.

11. Under the Finance Act of 1898 any person whose total income from all sources is proved not to exceed £160 is exempt from the payment of Income Tax. Where the income from all sources exceeds £160, but does not exceed £400, the person is entitled to claim an abatement of duty on £160. Where the income from all sources exceeds £400, but does not exceed £500, an abatement can be claimed of the duty on £150. Where the income from all sources exceeds £500, but does not exceed £600, relief can be claimed on £120. Where the income from all sources exceeds £600, but does not exceed £700, an abatement is allowed on £70. When the Income from all sources

* A sample copy of this account is shown facing page 32.

does not exceed £2,000, and any part of that Income is Earned Income, a claim may be made for reduction of the Income Tax on the Earned Income to the lower rate of 9*d.* in the £. In order to obtain this relief a claim must be preferred at the time the Return for assessment to Income Tax is made, and must in any case be preferred before 30th September in the year for which the tax is charged. Where owners of land make any claim of exemption or abatement, the annual value of the lands assessed under Schedule A should be taken (for the purpose of the claim) to be the amount of the assessment after deduction of the allowance of the one-eighth mentioned in paragraph 2. For the purpose of claiming exemption or abatement, the income arising from the occupation of land is (since the passing of the Finance Act of 1896) to be taken at one-third of the annual value, including Tithe Rent Charge.

12. *Remission of Rent.*—Where temporary abatements or remissions of rent have been allowed, a reduction or repayment of duty may be claimed in respect of the amount remitted for each complete year ending on the 5th of April. The allowance may be claimed under both Schedules (A by the landlord, B by the tenant) on special forms of claim which will be supplied by the Surveyor of Taxes. When the remission has the effect of bringing the total income to an amount not exceeding £160, the whole of the duty paid or payable will be repaid or allowed.

13. Further information on any of the points mentioned in this Memorandum may be obtained from the Surveyor of Taxes for the district, who will take steps to afford proper

facilities to all persons who desire to appeal with the object of obtaining relief from or the repayment of Income Tax.

4, WHITEHALL PLACE, S.W. *November, 1894.*

[Revised, May, 1908.]

N.B.—The rate of Income Tax per £ is subject to yearly revision.

SCHEDULE D, OR TAX UPON PROFITS AND TRADES.

This is a tax upon Income derived from Trades, Manufactures, and Professions, and from all uncertain and variable and all sources not assessed under any of the other Schedules. Unlike Income Tax under Schedules A and B, it is assessed annually, the assessments being generally based upon an average of the income derived or received for the preceding three years. Being a very important branch of the revenue, perhaps it would be of interest to give briefly the mode of assessment and collection of this particular tax.

How the Assessments are made.

A Form for Return of Income is generally issued by the Assessors in April or May of each year, ample time being allowed for furnishing the necessary particulars. A space is provided on the Form for claiming total exemption, the statutory abatement, or the remission to the lower rate of duty, according to the total amount of income from all sources, and also for claiming allowance in respect of premiums paid for Life Insurance. Should the business or concern consist of more than one person, and the partners desire to be separately assessed (so that exemption or abatement may be claimed by each)

they should set forth their desire in the space provided. Space is also provided for declaring the mode under which the assessment is desired to be made, whether

- (1) By the Local Commissioners in the ordinary way ;
- (2) By the Local Commissioners under a Number or Letter ; or
- (3) By the Special Commissioners.

After filling up the form it should be returned to the Assessor, or, if it is desired to be assessed by the Special Commissioners, to the Surveyor of Taxes.

No excuse on the ground of oversight to make his return can reasonably be made by the person receiving this Form, as in all cases of neglect to return it to the Assessor within the prescribed period of twenty-one days, another Form, practically similar, but returnable within seven days, is issued by the Surveyor.

In cases dealt with by the Local or District Commissioners the assessment is made, and notice of such assessment sent, to each taxpayer between the date of the delivery of the return and the month of November. In case of acceptance of the return as satisfactory the assessment is, of course, made upon the figures returned ; but where the Commissioners are not satisfied that the amount returned represents the profits, or where no return has been made through neglect, they make an estimated assessment. In all cases notice of the amount of assessment is issued, and if the person to whom it relates feels aggrieved he must give due notice in writing to the Surveyor of Taxes of his intention to appeal. The date and place of the appeal meeting are

generally shown on the notice of charge. Should this opportunity of appealing be disregarded, the tax shown upon the notice falls to be paid in the following January, and the taxpayer has no power to resist payment of a charge, however unjust, against which he has neglected to appeal.

Repayment of tax on over-assessed profits cannot be granted except in particular cases which are clearly defined in the 1907 Act. These refer to

(1) businesses set up within the period of three years upon the average of which the assessable profits are usually fixed; and

(2) cases of discontinuation of business.

In the former case, if the person charged proves that his actual profits in the year of assessment are less than the average profits, he is entitled to repayment of the tax on the difference, or, if proof is made before the tax is paid, the assessment can be reduced or discharged according to the circumstances.

Where business is given up in any year a person may claim to be assessed on the actual profit *of that year* instead of on the three years' average. If moreover the business is a declining business and the tax paid during the past three years is in the aggregate more than the total amount which would have been paid if he had been assessed in each year on the actual profits *of that year* he may in addition claim repayment of the excess.

With reference to the mode of assessment by the District Commissioners, the only difference between an

No. 11A,

Parish or Place of.....*Richmond*.....
No.....*3285*.....

INCOME TAX.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,
Year ending 5th April, 190 .

OFFICE OF THE SURVEYOR OF TAXES,

.....*1st May*.....190

Declaration E.

DECLARATION by the present & time Partner of a Firm (or by the Agent, if none of the Partners is resident in the United Kingdom).

1 Full description or style of the Firm			
2 Place or Places of carrying on the Concern			
Particulars of all annuities, interest on loans, and other annual charges (excluding life assurance premiums payable out of the profits or gains). Interest on partners' own capital and salaries of partners are not to be included here but under head 4.			
Person to whom paid	Amount payable		
For the current year	£		
3 Particulars of the share of each partner in the total profits of the Firm entered on page 2 after deducting the amount of the payments included under head 2 of this Declaration.			
Name of the Partner	Share of the Profits	Amount payable to Partner	Last Distribution of Profits under Partnership
		£	

If there are no charges the word **NONE** should be inserted here.
It is not sufficient to leave this space blank.

I declare that I am ^{of the Firm} of the Firm above described, and that the foregoing particulars are in every respect fully and truly stated according to the best of my judgment and belief.

* State who the present time partner is agent

Dated this day of 190 .
Signature.

Declaration F.

DECLARATION as to the Place of Assessment where the Person is engaged in the same Trade or Profession in two or more Places or where the Person carries on his Trade or Profession in a different Parish from that in which he resides.

I hereby declare that I am engaged in Trade or Profession, at the Place or Places described, and that the Return has been, or will be, duly made for Assessment upon me at the Address herein specified.

Dated this day of 190 .
Signed

Declaration G.

DECLARATION by a Partner in Trade, chargeable under the joint Assessment of the Firm

I hereby declare that I am engaged in Trade or Business with the Person herein described, and that the Return of the Firm includes the whole of my profits chargeable under Schedule D, except such profits as are included in the statement given on page 2.

Dated this day of 190 .
Signed

INCOME TAX.

RETURN FOR ASSESSMENT UNDER SCHEDULE D,
Year ending 5th April, 190 .

OFFICE OF THE SURVEYOR OF TAXES,

1st May, 190

To *Mr. William Brown* ..
Grocer,
of *High Street*

SIR,

In pursuance of the provisions of the Income Tax Acts, I have to request you to prepare a true and correct statement of your Income, in the form on page 2 hereof, so far as it is applicable to your case, and to deliver it to me at my office duly signed by you within seven days from this date.

Declarations (A), (B), (C), (E), (F), (H), should be filled up so far as they are applicable. If you have already made a full Return for the above year, you should fill up Declaration (A).

If you have no Income whatever chargeable under Schedule D, you should fill up Declaration (B).

If you claim Exemption, Abatement, or the Relief allowed in respect of "Earned Income," you should fill up page 2 of this form and Claim (H) on page 3.

If you claim an allowance in respect of Life Assurance Premiums, you should fill up Claim (I) on page 2.

The accompanying paper of "Notes, Explanations, and Instructions" will be drawn up in order to assist you in filling up the form. If you desire further information on any point, I shall be glad to furnish it upon application.

A franked envelope is enclosed in which the Return may be sent to me, post free.

The penalty for not making a Return, or for making an untrue or incorrect Return, is £20, and treble the duty chargeable, if sued for before the District Commissioners, or £50 if sued for in any of His Majesty's Courts. A penalty not exceeding £5 may be imposed for not making a Return, even though the person proceeded against proves that he was not chargeable to duties.

I am, SIR,

Your obedient Servant,

Surveyor of Taxes.

Declaration A.	I have already made a Return of the whole of my Income chargeable under Schedule D of the Income Tax Acts for the year ending 5th April 1900, from my
Place of Business at	
My Return was delivered to the Assessor or Surveyor of Taxes at	
Given under my hand this day of	190
* The precise address should be inserted.	Signature Address
Declaration B.	I hereby declare that I have no Income from any source whatever chargeable under Schedule D of the Income Tax Acts for the year ending 5th April 1900.
Given under my hand this day of	190
	Signature Address

STATEMENT OF INCOME FOR ASSESSMENT UNDER SCHEDULE D

AMOUNT

FROM TRADE, PROFESSION, EMPLOYMENT, OR VOCATION, viz. —

The Trade, Profession, or Vocation of

Greener

carried on by

me

at

Richmond

The Employment or Vocation of

carried on by me at

FROM DISCOUNTS AND BANK INTEREST OR OTHER INTEREST OF MONEY NOT TAXED BY DEDUCTION, viz. —

Particular source of such Income

FROM COLONIAL AND FOREIGN SECURITIES (where the Duty is not deducted by the Agent abroad) with payment of therefrom, viz. —

Interest of Money, Annuities or other Annual Payments arising from Railways out of the United Kingdom

Interest of Money, Annuities or other Annual Payments derived from Property out of the United Kingdom other than Railways

Interest or Dividends on Investments in Securities of Indian or Colonial Governments or Companies

Interest or Dividends on Investments in Foreign Securities

FROM COLONIAL AND FOREIGN POSSESSIONS, viz. —

Possessions in any of His Majesty's Dominions out of the United Kingdom

Possessions in Foreign Countries

FROM PROPERTY OR PROFITS NOT FALLING UNDER ANY OF THE FOREGOING HEADS.

Letting Farmhouse House at

Other sources (the particular source to be stated, viz. —

the amount whereof is computed according to

TOTAL

260 0 0

Less Amount claimed for Wear and Tear of Machinery and Plant not deducted in arriving at the above figures

NET TOTAL

260 0 0

General Declaration.

I declare that in the foregoing statement I have given a full and true history of the whole of the Income chargeable upon me under Schedule D of the Income Tax Acts, estimated to the best of my judgment and belief according to the directions and rules of the said Acts.

I desire to be assessed by the

Given under my hand this 24th day of May 190

Signature

High Street Richmond

Business Address

Sandon Villa, Richmond

Private Residence

As to a person
must state after his
signature whether
Married, Bachelor, or
divorced.

STATE WHETHER THE RETURN IS MADE

1. On your own behalf.
2. As president Acting Partner of a Firm.
3. As Trustee, Agent, Receiver, or Factor, and for whom.
4. As the Officer of any Corporation or Company.

(In my own behalf.)

Claim C.

CLAIM FOR ALLOWANCE IN RESPECT OF LIFE ASSURANCE PREMIUMS OR PAYMENTS UNDER CONTRACTS FOR DEFERRED ANNUITIES.

Name of person on whose life the Insurance or Annuity is effected

Name of Insurance Company or Friendly Society

Amount of Premiums claimed as an Allowance from the profits stated above

*William Brown**South of England Insurance Company, Ltd**£7 - 15 - 0*

I claim an allowance for the foregoing amount of Life Assurance Premiums, and I hereby declare that I have not deducted the amount of such premiums in arriving at the profits or gains entered on this page.

Wm Brown

Signature

INCOME TAX, 190

Claim D.

CLAIM for—

1. Exemption or Abatement, when the Income from all sources does not exceed £700.

2. The Relief allowed to Earned Income, when the Income from all sources does not exceed £2,800.

THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT.

No. 1—Particulars of Income.

(a) From Trade, Profession, Employment, or Vocation —

£ s d

Greener

260 0 0

(b) From any Public Office or Employment not entered on page 2 hereof —

Nil

(c) From Property

Nil

Annual value of Residence of which I am Owner

40 0 0

Rent of Cottage Iron Street Richmond

10 0 0

(d) From the Occupation of Land

Nil

(e) From Annuities, Interest, Dividends, or other income not already entered —

Nil

Dividend, Starkey & Co. Ltd Tax deducted

25 0 0

(f) Wife's Income

Nil

Total

335 0 0

No. 2—Particulars of any Charges on Income.

(d) Name of the Charge Name and Residence (the Name of the Charge)

Name of the Charge Name and Residence (the Name of the Charge)

Ground Rents

£ s d

Annuities

£ s d

Patent Royalties

£ s d

Interest on Mortgages or Loans

£ s d

Amount of Mortgage or Loan

£ s d

None

Other annual Charges (of any)

£ s d

Total charges...

5 0 0

Total Amount of Income from all sources less Charges.

330 0 0

I declare that the above statement contains a full, true and true account and return of the Whole of my income from every source whatsoever, for the Year ending the 31st day of April, 190, and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand this 24th day of May 190

Signed *Wm Brown*(Private) Residence *Sandon Villa, Richmond.*

I hereby certify that the Claimant appears to be entitled to Exemption (or an Abatement of £ of his income, and to be charged at the lower rate on £ of his income.

Surrey of Taxes,
District,
Date.

If there is not sufficient room to set out the Income in full herein, particulars may be given on a separate sheet and the totals brought to this page.

If you have no income falling under heads (a) to (f) write Nil in each space

State whether land before receipt of not

State whether included above or, if none, write Nil

If there are no charges, write NONE. If it is not sufficient to leave this space blank

A Woman must calculate her Income after 10 days of January

To.....Mr. William Brown.....

Grocer,

of.....High Street.....

SIR,

In pursuance of the provisions of the Income Tax Acts, I have to request you to prepare a true and correct statement of your Income, **in the form on page 2 hereof**, so far as it is applicable to your case, and to deliver it to me at my office duly signed by you **within seven days from this date**.

Declarations (A), (B), (C), (E), (F), (G), should be filled up so far as they are applicable.

If you have already made a full Return for the above year, you should fill up Declaration (A).

If you have no Income whatever chargeable under Schedule D, you should fill up Declaration (B).

If you claim Exemption, Abatement, or the relief allowed in respect of "Earned Income," you should fill up page 2 of this form and Claim (D) on page 3.

If you claim an allowance in respect of Life Assurance Premiums, you should fill up Claim (C) on page 2.

Not to be used for Declaration and Information, but to be delivered up

assessment made by them in the ordinary way and that made under a Number or Letter is, that the latter method is provided in cases where the taxpayer objects, on personal or other grounds, to paying the duty to the *Local Collector of Taxes*. Where a person elects to be assessed in this manner he must arrange to remit the amount due to the proper authorities within the appointed time, failing which the case is put into the hands of the Local Collector for collection in the ordinary way.

For the purpose of illustration we will take the case of a grocer whose average nett profit amounts to £260, but who, in spite of a statement to this effect, has been assessed by the District Commissioners at £350. He has other Income (already taxed) amounting to £70 annually, and he therefore claims the statutory abatement of £160 as well as a reduction of £90, the difference between his statement and the amount on which he is assessed under Schedule D. His annual payments in respect of Life Insurance of himself or his wife amount to £7 15s., and this amount must be included in his claim.

The Form of Return should be filled up according to appended specimen, Table No. 11.

In due course a notice of charge for £350 is delivered, on receipt of which Mr. Brown gives notice in writing to the Surveyor of his intention to appeal on the ground of overcharge. He should then prepare his accounts according to the instructions on the notice of charge, and these accounts should be delivered to the Surveyor for his inspection at least three days prior to the date of the appeal meeting. If explanation of any of the items in the account is required it is desirable that

INCOME TAX

the Surveyor should be seen, if possible, before the appeal day.

A simple, and at the same time satisfactory, account would be drawn up as follows:—

Statement of Accounts for the year ending 31st March, 1908.

	£	s.	d.		£	s.	d.
To Stock beginning of year	690	15	0	By Total Sales during the			
„ Goods bought ...	2,182	15	6	year ...	2,842	7	6
„ Rent of premises ...	80	0	0	„ Stock in hand end of			
„ Rates and taxes ...	23	7	8	year ...	630	15	0
„ Gas bill ...	16	18	0				
„ Wages (two assistants)	68	0	0				
„ Keep of ditto (say) ...	40	0	0				
„ Carriage of goods ...	38	15	0				
„ Repairs to premises ...	13	15	0				
„ Bad debts ...	15	17	6				
„ Sundry expenses							
(stamps, &c.), say	6	0	0				
„ Balance, being profit...	296	18	10				
	<u>£3,473</u>	<u>2</u>	<u>6</u>		<u>£3,473</u>	<u>2</u>	<u>6</u>

SUMMARY.

Profit for year ending March, 1906	=	£137
„ „ „ 1907	=	347
„ „ „ 1908	=	296

—
3) 780
—

Average profit £260

(Signed) WILLIAM BROWN.

HIGH STREET, RICHMOND, 15TH MAY, 1908.

In explanation of the summary at the foot of the foregoing account, it has been assumed that the figures shown for 1906 and 1907 have been accepted by the Commissioners as correct, and that the assessments for

those years were based upon the amounts of £137 and £347 respectively as returned by Mr. Brown. In such cases it is not necessary that accounts should be made out for the three years, as the Commissioners would probably be able to refer to those previously rendered. It is always safer, though, to keep a duplicate of all accounts delivered for purposes of Income Tax assessment.

In cases where the returns for previous years are not accepted by the Commissioners, the accounts for each of the past three years should be drawn out on the lines indicated in the preceding account, and failing these accounts the Commissioners would possibly take the assessments for those years as the actual profits made during that period. For instance, if the assessments made upon Mr. Brown for 1906 and 1907 were £300 and £350 respectively, that for 1908 (assuming that no accounts were forthcoming for 1906 and 1907, and provided accounts showing a profit of £296 for 1908 were rendered), would in any case not be less than £315, as follows:—

	£	s.	d.
Year ended March, 1906 =	300	0	0
„ „ „ 1907 =	350	0	0
„ „ „ 1908 =	296	0	0
	<hr/>		
	3)946	0	0
	<hr/>		
	315	0	0
	<hr/>		

INCOME TAX

It will thus be seen that it is always desirable to be provided with *actual* accounts for each of the years included in the average.

Provided a loss has been made in any one year, this can be claimed as a set-off against the profits of other years. Instance :—

				Profit.			Loss.		
				£	s.	d.	£	s.	d.
Year ended March, 1906	...			224	0	0			
„ „ „	1907	...					112	0	0
„ „ „	1908	...		296	0	0			
				<hr/>					
				520	0	0			
Deduct loss	...			112	0	0			
				<hr/>					
				3)408	0	0			
				<hr/>					
Average	...			136	0	0			
				<hr/>					

With reference to some of the items in William Brown's account, it has been assumed that he does not reside on the business premises, therefore the *full* Rent, Gas, and Rates and Taxes have been claimed as deductions. Where a tradesman lives on the premises he is only entitled, as a rule, to deduct a sum representing two-thirds of these items. If Mr. Brown resided on the premises, these deductions would be shown thus :—

		£	s.	d.
To two-thirds rent of premises	...	53	6	8
„ two-thirds rates and taxes	...	15	11	9
„ two-thirds gas bill	...	11	5	4

In *special* cases where the annual value of the portion of the premises used for residential purposes would be more than one-third of the annual value of the whole building, the matter of determining the proportion to be allowed as a deduction would rest with the Commissioners.

In the deduction of Rates and Taxes it should be noted that payment of Income Tax cannot be included, and in the item of Bad Debts it must be clearly understood that such debts are wholly irrecoverable, and have been written off the books as such.

Keep of horses and repairs to traps, etc., if used for trade purposes, are allowable, and should be claimed as deductions. Claim can also be made for cost of necessary repairs to trade premises, but not for structural improvements.

In further illustration of accounts for purposes of appeal, perhaps the following case will be of interest to taxpayers: *A*, who is an innkeeper, received notice that the profits of his business for the year 1908-9 had been assessed at £250, but succeeded on appeal in getting the assessment reduced to £120, the average profits for the past three years. For 1905 his profits amounted to £198, in 1906 they were £240, while for 1907 he incurred a loss of £78. Actual accounts for the three years were of course submitted, that for 1907 being as follows:—

*Statement of Accounts of A. Porter, Bush Inn,
for year ending December, 1907.*

	£ s. d.		£ s. d.
To Stock on hand beginning of year ...	261 10 0	By Stock in hand at the end of the year ...	257 1 6
„ Purchases of wines, ales, beers, spirits ...	815 18 9	„ Sales of wines, ales, beers, spirits, aerated waters, &c. ...	1,187 15 2
„ Purchases of aerated waters ...	32 11 3	„ Balance, being Loss...	78 5 1
„ Purchase of cigars and tobacco ...	10 12 8		
„ Carriage and haulage ...	17 2 6		
„ 2/3rds of rent ...	93 6 8		
„ „ rates and taxes...	21 10 0		
„ „ coal and gas ...	28 2 2		
„ „ water ...	4 0 0		
„ Licenses ...	30 5 3		
„ Wages of barman ...	60 0 0		
„ „ barmaid and servant ...	45 0 0		
„ Keep of ditto (say) ...	75 0 0		
„ Repairs to premises ...	3 10 0		
„ Replacement of glasses, linen, corks, &c. (say)	2 12 6		
„ Sundries (say) ...	2 0 0		
	<u>£1,503 1 9</u>		<u>£1,503 1 9</u>

(Signed) A. PORTER.

BUSH INN, WOOLWICH, 18th May, 1903.

Accounts for 1905 and 1906 were made out in the same manner, the difference being that in those years the receipts exceeded the expenditure by £198 and £240 as previously stated. The assessment of £120 is arrived at as follows :—

				Profit.	Loss.
				£ s. d.	£ s. d.
Year 1905	...	...	198	0 0	
,, 1906	...	...	210	0 0	
,, 1907	...	...			78 0 0

				438	0 0
Deduct loss	...		78	0 0	

				3360	0 0

Average	...		120	0 0	

With this result, if the appellant has no other Income, or if he has any other Income which in the aggregate would not amount to more than £40, he would be totally exempt from payment of Income Tax for the year 1908-9.

To prevent disappointment to would-be successful appellants, it cannot be too clearly explained that estimated accounts are of little or no value. Of course, in some items, such as keep of servants, replacements of business utensils, sundries, etc., estimates cannot well be avoided, and unless they are manifestly excessive, they are not objected to. The servants must, of course, be employed only in business service, and no allowance can be claimed for those engaged in ordinary household duties nor can any deduction be made for cost of maintenance of the taxpayer and his family.

In the foregoing case, Mr. Porter, being resident upon the business premises, is only entitled to deduct two-thirds

of the Rent, Rates and Taxes, Coal and Gas, and Water, unless the figures relating to these items can be proved to be applied *exclusively* to purposes of trade. If he were owner as well as occupier it should not be forgotten that he would still be entitled to a deduction of two-thirds of the annual value of the premises, in lieu of rent, from his gross profits.

While discussing the subject of legal deductions from gross profits, it cannot be too clearly explained that all expenses really necessary for the successful carrying on of trade or profession are allowable. A medical practitioner, for instance, can claim for cost of medicines, replacements of surgical instruments, keep of horse, wages of groom, etc., rent or annual value and incidental expenses of stables, licenses, insurances, travelling expenses to visit patients, salaries of assistant and *locum tenens*, telephone rent, telegrams, stamps, professional and compulsory subscriptions, bad debts, proportion of doubtful debts, and, where he carries on his profession at his residence, a due proportion of the rent or annual value of his premises used for professional purposes, wear and tear, local rates, and disbursements for cleaning, heating, and lighting. Where the surgery and consulting-room are separate from his residence he can claim the whole of the expenses in connection therewith.

The period to which accounts are to be made up depends upon the date on which the annual balance-sheet is usually made up, but it should end as near as possible to the end of the Income Tax financial year—viz., 5th April.

The profits of firms are assessable on the partners

jointly, and not on individual members, and care should be taken that the statutory abatements and Life Insurance are made from the joint assessment.

Interest and other annual payments out of profits are chargeable at the higher rate of duty and are calculable upon the actual amounts payable during the year current. Sleeping partners are assessable at the higher rate of duty.

Patent royalties are not deducible from profits but are assessable, at the higher rate of duty, on the payer, who in turn deducts the tax from the receiver.

No person is entitled to relief in respect of any income the tax on which he is entitled to charge against any other person.

As has been previously pointed out, the assessment upon profits derived from business (Schedule D) should include *no* other source of income, such as rents, salaries, etc. The taxpayer should not imagine that the amount shown on the notice of charge on trade profits (Schedule D) includes profit from various sources; if he thinks so, he will be disillusioned when separate and additional demands for tax upon such profits are made. It therefore behoves him to examine all notices carefully, and ascertain for himself the extent to which he is taxed upon his various sources of income, thus guarding himself against any overcharge. Agents, solicitors, accountants, and all who hold public appointments in addition to their general practice, should see that the remuneration received from such appointments is not included in the assessment upon their general business, the assessments for all public offices being made under Schedule E.

The taxpayer should also take care that the allowance in respect of Life Insurance is shown on the notice of charge. Where particulars of this deduction have been omitted, the person assessed should at once write to, or see, the Surveyor. Where the allowance has been previously granted, and the amount for the current year does not differ from the amount previously allowed, it is not generally necessary to produce receipts, but in case of a fresh claim, or a variation from the amount of premiums paid in the previous year, it is necessary that receipts for the full year's Insurance be furnished to the Surveyor for endorsement. It is not necessary to attend the appeal meeting to prove claim to allowance for Life Insurance. The deduction can be made on production of receipts even after the date of appeal, but it saves trouble to get the assessment corrected as soon as the omission has been noticed.

Where a taxpayer has, for any period not exceeding three years, neglected to claim for Insurance, he is entitled to recover tax on the premiums paid during the unclaimed period. Full instructions as to claims under this head will be found on page 75.

SCHEDULE E, OR TAX UPON SALARIES AND REMUNERATION DERIVED FROM PUBLIC AND CORPORATE BODIES.

This is a tax very easy of assessment, the employers being called upon to make a return for assessment of the salaries of all persons, such as Managers, Secretaries, Treasurers, Auditors, Clerks, and all officers employed by them. In addition, such persons enjoy the privilege,

if it can be considered as such, of making their own and independent return of Income, this being called for in the same way as returns for assessment under Schedule D. The employés of Limited Liability Companies, County and Parish Councils, School Committees, Corporations, District Councils, and all bodies, however formed, with very few exceptions, come under this category, and are assessed according to the rules relating to the Schedule E branch of the Income Tax Acts.

With the exception of Railway Officials, all other persons liable under Schedule E are assessable by the Local Commissioners, before whom only can appeals for relief and adjustment be heard. Railway Officials, whose salaries are paid under deduction of tax, are assessed at the head office of their respective Companies by the Special Commissioners.

How the Assessments are made.

The Assessments are made annually, and appeals for relief from overcharges, except in the case of Railway Officials as explained above, governed on lines similar to those under Schedule D. Of course, there is not the same difficulty in preparing accounts as for Schedule D purposes, and a person assessed under this head should encounter no difficulty in obtaining adjustment of an incorrect assessment. Should the assessment be above the actual remuneration received, the matter should be easy of adjustment by consultation with his employers, who should make an amended return, if necessary, of the salary paid, together with an explanation as to how the discrepancy arose. In such cases a personal appear-

ance at an appeal meeting would probably be rendered unnecessary.

Unlike Schedule D, the assessment is charged upon the *actual profits of the year of assessment*, and not on an average of the preceding three years. By a recent concession, however, persons occupying subordinate positions can be assessed on an average of three years' income, and this concession will no doubt be appreciated by many whose incomes border on liability to taxation, but who, by reason of their average earnings being below the taxable amount, can thereby claim total exemption; or those who, being liable, but whose salaries vary year by year, can by this means claim a reduction below the amount of salary actually received during the year of assessment.

This concession does not apply to those occupying staff appointments, such as Secretaries, Managers, Treasurers, etc.

Deduction of Expenses.

The expenses incurred in carrying out the duties of the office or employment can be claimed as a deduction, but it should be noted that they are only allowable when they are "wholly, exclusively, and necessarily incurred in the performance of the office or employment." For instance, a Technical Instructor under a County Council can claim allowance for salary paid to an assistant necessarily employed by himself, as well as for expenses incurred in travelling from place to place in the performance of his duties. He could not, however, claim railway or other fares to the central institute from his ordinary residence. In like manner Clerks to public bodies, such as County and District Councils, Boards of Guardians,

School Committees—in short, all offices which necessarily entail more clerical duties than they can themselves perform—can claim for expenses in connection with clerical assistance. Such officials, however, cannot claim for expenses incurred in travelling to attend Board and other meetings. In claiming deductions full particulars should be shown in the space allotted in the Form provided for the Return of Income.

Where persons such as Directors, Auditors, and Secretaries hold more than one office in more than one place, and this necessitates travelling between the different places, they cannot claim allowance for the expenses occasioned by travelling between such places.

Insurance is allowable under exactly the same conditions as those already explained under Schedule D.

The appended Table No. 12 A exhibits an example of a Form of Return under Schedule E.

In the case given, Mr. Beauclerc's total nett income being a sum not exceeding £400, he would be entitled to £160 abatement, as well as allowance for expenses and Life Insurance, and the assessment under Schedule E would be made as follows:—

	£	s.	d.
Salary	450	0	0
Less allowance for ex- penses	£100	0	0
Less allowance for Life Insurance	18	10	0
Less Abatement of	160	0	0
	<hr/>		
	278	10	0
Nett Assessment...	<hr/>		
	171	10	0
	<hr/>		

The income derived from Casual profits and Property would be assessed *separately* under Schedules D and A respectively.

GENERAL OBSERVATIONS.

Persons carrying on business should note that in arriving at profits, loss or withdrawal of capital invested in the business cannot be claimed as deductions from profits. Household expenses cannot be allowed, but weekly or periodical drawings must, of course, be added to the nett profits made during the year.

The recipient of a voluntary allowance, gratuity, or present is not assessable in respect thereof, but such allowance, etc., is not a legal deduction from the income of the donor. Similarly, income not derived from regular or legitimate trading cannot be assessed, but any losses in connection with speculation outside the business cannot be claimed as deductions.

Income derived from property or investments abroad is assessable in the same way as income earned in the United Kingdom, but income arising from salaries, offices, and trade profits derived out of the United Kingdom are not chargeable. In the case of English Companies which have their governing body at home, though conducting operations abroad, it has, however, been decided that all profits arising from such business are liable to taxation. In such cases, as in ordinary public companies carrying on trade within the United Kingdom, Income Tax is almost invariably deducted from each shareholder's dividend, and it is the duty of the shareholder to recover

No. 12A.

Parish or Place of.....Bromwich.....
No. of Assesst.....837...

INCOME TAX—SCHEDULE E.

Return by Officials of Corporations, Public Companies, &c.

YEAR ENDING 5th APRIL, 190 .

To.....*Mr. T. W. Beauclerc*.....*217, High Street, Bromwich*.....

OFFICE OF THE SURVEYOR OF TAXES.

.....*1st May*.....190 .

SIR, IN pursuance of the Income Tax Acts, you are hereby required to prepare, in the form printed below, a true and correct statement of your Income from any Office or Employment of Profit held by you, and deliver the same duly signed by you, at my office, **within Seven days from this date.**

The Duty under Schedule E is payable in respect of the Salaries, Fees, Wages, Perquisites, Pensions, and Profits of any Office or Employment held in any County, Borough, Town Corporate, or Place, or under any Ecclesiastical Body, or under any Public Corporation, Company, or Society, or under any Public Institution, or any Public Foundation, or under any Trusts or Guardians of any Fund, Tolls or Duties, and every other Public Office or Employment of Profit of a Public Nature; *unless such Office or Employment of Profit has been charged by Commissioners specially appointed for the purpose of assessing the same in the particular Public Department or Office, in which case the profits are not to be returned on page 1 of this form.*

If you claim Exemption, Abatement, or the relief allowed in respect of "Earned Income," you should fill up this page and also page 3, which should contain particulars of your Income from every source.

.....*T. W. Beauclerc*.....Signature
[TURN OVER.]

* *Note.*—Page 2 gives directions already explained in the text, and therefore not necessary to repeat here. Special note should be made that the time limit for claiming remission on earned income is before 30th September in the year of assessment.—C. F.

INCOME TAX, 190 . .

CLAIM for—

(a) **Exemption or Abatement**, when the Income from all sources does not exceed £700

(b) the **Relief allowed to Earned Income**, when the Income from all sources does not exceed £2,000.

NOTE.—THE CLAIMANT MUST SET FORTH EVERY SOURCE OF HIS INCOME, WITH THE AMOUNT DERIVED FROM EACH SOURCE, WHETHER TAX HAS BEEN PAID ON IT OR NOT.

No. 1. Particulars of Income.				
<div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> If you have no income falling under heads (b) to (e), write "NIL" in each space </div> <div style="border: 1px solid black; padding: 2px; margin-bottom: 5px;"> State whether taxed before receipt, or not </div> <div style="border: 1px solid black; padding: 2px;"> State whether included above or if none write "NIL" </div>	(a) From Trade, Profession, Office, Employment or Vocation <i>Secretary Rosendale Cotton Co. Ltd</i>	£	s	d
	(b) From Property — <i>Annual Value of Residence, of which I am owner</i>	£	s	d
	(c) From the Occupation of Land — <i>Nil</i>	£	s	d
	(d) From Annuities, Interest Dividends or other Income not elsewhere entered <i>Usual Profits</i>	£	s	d
	(e) Wife's Income <i>Nil</i>	£	s	d
No. 2.—Particulars of any Charges on Income. <i>(Life annuities, &c., should not be entered here, but in Part 1.)</i>				
<div style="border: 1px solid black; padding: 2px;"> If there are no charges write "NONE" if it is not sufficient to leave this space blank </div>	(a) Life Annuity <i>Ground Rent</i>	£	s	d
	(b) Life Annuity <i>Mortgage or Loan</i>	£	s	d
	(c) Life Annuity <i>£ 200 at 5% rate</i>	£	s	d
	(d) Life Annuity <i>Other Annual Payment</i>	£	s	d
	(e) Life Annuity <i>None</i>	£	s	d
Total Charges		£	s	d
Total Amount of Income from all sources less Charges		£	s	d

I declare that the above statement contains a full, just, and true account and extent of the **Whole of my Income from every source whatsoever**, for the Year ending the 31st day of April, 190 ., and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this *7th* day of *May* 190 .

Signed *J. W. Bourne*
(Printed) Resident *217, High Street, Bromwich*

Note.—An error in a statement after the 31st day of April, 190 ., will not be taken into account.

I hereby certify that the claimant appears to be entitled to Exemption or an Abatement of £ . . . and to be charged at the lower rate on £ . . . of his income.

Surveyor of Taxes
District
Rate

It is not sufficient to leave this space blank.

£ 200 at 5 per cent.....	Larry & Co., Solicitors...	10	0	0
Other Annual Payment	None.....	—	—	—

Total Charges £...

15 0 0

Total Amount of Income from all sources less Charges...

395 0 0

I declare that the above statement contains a full, just, and true account and return of the **Whole of my Income from every source whatsoever**, for the Year ending the 5th day of April, 190 , and I therefore claim the relief to which I am entitled in respect of such Income.

Given under my hand, this.....*5th*.....day of.....*May*.....190 .

Signed.....*T. W. Beauchere*.....
(Private) Residence.....*217, High Street, Bromwich*.....

Note.—A woman must state after her signature whether married, widowed, or single.

I hereby certify that the Claimant appears to be entitled to Exemption (or) an Abatement of £ , and to be charged at the lower rate on £ of his income.

Surveyor of Taxes.

District.

Date.

No. 12a.

the tax so deducted, if he be entitled to exemption or abatement, direct from Somerset House. (See directions given under the head of Repayments, p. 64.)

Incomes derived by British sailors serving under a foreign flag, even though trading regularly between the United Kingdom and foreign ports, are not chargeable unless they also have a residence in the United Kingdom ; neither are the earnings of seamen serving on board a British vessel trading *exclusively* between foreign ports. The earnings of foreigners serving on British ships trading with the United Kingdom are chargeable, as are also the profits derived in the United Kingdom by resident foreigners. Residents of the Isle of Man and Channel Islands are dealt with as foreigners, such places being outside the jurisdiction of the Commissioners.

Travelling and other expenses incurred by a Master Mariner, Engineer, or any other seaman between his home and the port of call or embarkation, or to and from any other place, cannot be claimed as deductions, such expenses not being considered as falling under the category of "necessary expenses incurred in the execution of duty." Generally speaking, ships' officers are also under the impression that length of voyage can be taken into consideration and an allowance made for provisions, etc., but this idea is also erroneous, the assessment being made upon the *actual salary* paid, whether the vessel is a weekly, monthly, or long-voyage boat. Allowance for loss of wages during laying-up of vessel or from any other cause can, of course, be claimed.

Persons residing abroad, whatever the amount of their

income, are exempt from assessment if their income arising *in the United Kingdom* does not exceed £160 per annum, and they are entitled to the statutory abatement should the incomes derived within the United Kingdom not exceed £700.

In claiming allowances under any Schedule, sums paid for Income Tax cannot be considered as deductions, as generally supposed.

Should a person die during the year of assessment and the profits cease at his death, his executors become liable for the proportion of tax due at the date of death, but if *such proportion* should fall within the limits of exemption or abatement they are entitled to total exemption or abatement, as the case may be.

In cases of profits from business, the successor to the business is expected to pay the balance due from the date of succession to the end of the financial year, but if he considers that his predecessor has been over-assessed, he has the right of appeal against the proportion of assessment.

By the 1907 Act, employers are legally compelled to make a return of all the earnings of all employes receiving more than £160 per annum, and to state particulars of payments made to any persons not exclusively employed by them. The same Act empowers the Commissioners to make additional and supplementary assessments on escaped liabilities at any time within three years after the end of the year of assessment. In addition, there is a legal obligation upon every person upon whom notice is served to make a return, whether he is liable or not liable.

Where a clergyman or minister pays rent, one-eighth

of the annual value of the house may be allowed from the assessment for the portion used for the purposes of his calling.

The purchaser of property should ascertain from the vendor the amount of taxes due on the property. In such cases the Collector has no power, once a property changes hands, to demand property tax from the previous owner of the property; and in becoming owner the purchaser takes over all liabilities in respect of arrears of property tax. It behoves him, therefore, to claim allowance of the proportion of this tax from April 5th preceding to the date of purchase, from the vendor, in order that he may satisfy the claims of the Revenue. If he neglects to do so he must pay the penalty for his omission. These observations apply only to Property Tax (Schedule A) and should not be confused with House Duty (levied on inhabited houses of £20 and upwards—annual value) which is a distinct tax, and has no connection whatever with the amount of a person's income.

A tenant cannot legally claim from his landlord deduction of more tax than is payable on a correct assessment. It should be his duty, therefore, to see that the assessment is made on a correct basis. The landlord is bound to allow tax on the rent, any agreement to the contrary between himself and tenant being illegal.

By the Finance Act of 1893 landlords or lessors may claim, by written request, to be assessed for Property Tax in lieu of occupiers. The right of recovery of arrears of taxes by distraint on the property assessed is, however, reserved, and the occupier's right to deduct the tax so recovered from the next payment of rent is not prejudiced.

RATE AT WHICH INCOME TAX HAS BEEN CHARGED SINCE 1842.

The following summary of the Rates charged and limits of Exemption and Abatement since the first imposition of the tax in its present form may be of interest:—

1842 TO 1852.*

All incomes of £150 and upwards charged at 7*d.* in the £ without any abatement.

1853 TO 1862.

In 1853, owing to the Crimean War, incomes of £100 and upwards were brought under taxation, but incomes between £100 and £150 were charged at a less rate than those of £150 and upwards.

Year.	£100 and below £150.				£150 and above.	
1853	5 <i>d.</i>	...	...	7 <i>d.</i>	
1854	10 <i>d.</i>	...	...	1 <i>s.</i> 2 <i>d.</i>	
1855	11½ <i>d.</i>	...	...	1 <i>s.</i> 4 <i>d.</i>	
1856	11½ <i>d.</i>	...	...	1 <i>s.</i> 4 <i>d.</i>	
1857	5 <i>d.</i>	...	...	7 <i>d.</i>	
1858	5 <i>d.</i>	...	...	7 <i>d.</i>	
1859	6½ <i>d.</i>	...	...	9 <i>d.</i>	
1860	7 <i>d.</i>	...	...	10 <i>l.</i>	
1861	6 <i>d.</i>	...	...	9 <i>d.</i>	
1862	6 <i>d.</i>	...	...	9 <i>d.</i>	

1863 TO 1871.

In 1863 the well-known Abatement was introduced, but incomes of £100 were still taxed, the Abatement, £60, being allowed on all incomes between £100 and £200, and

* It should be remembered that the financial year begins 6th April; thus 1842 covers the year from 6th April, 1842, to 5th April, 1843, inclusive.

all incomes of £200 and upwards being charged in full, and the rate of duty being uniform.

Year.			Rate.	Year.			Rate.
1863	...	...	7 <i>d.</i>	1868	...	...	6 <i>d.</i>
1864	...	...	6 <i>d.</i>	1869	...	...	5 <i>d.</i>
1865	...	...	4 <i>d.</i>	1870	...	...	4 <i>d.</i>
1866	...	...	4 <i>d.</i>	1871	...	...	6 <i>d.</i>
1867	...	...	5 <i>d.</i>				

1872 to 1875.

In 1872 the Abatement was increased to £80, and the amount of income from which the Abatement was allowed extended to amounts below £300, tax being still charged on incomes of £100.

Year.			Rate.	Year.			Rate.
1872	...	...	4 <i>d.</i>	1874	...	...	2 <i>d.</i>
1873	...	...	3 <i>d.</i>	1875	...	...	2 <i>d.</i>

1876 to 1893.

In 1876 much-needed relief was given in the further extension of the exemption limit to £150, and the Abatement was still further increased to £120, which was allowed off all incomes of £150 and below £400.

Year.			Rate.	Year.			Rate.
1876	...	...	3 <i>d.</i>	1885	...	...	8 <i>d.</i>
1877	...	...	3 <i>d.</i>	1886	...	...	8 <i>d.</i>
1878	...	...	5 <i>d.</i>	1887	...	...	7 <i>d.</i>
1879	...	...	5 <i>d.</i>	1888	...	...	6 <i>d.</i>
*1880	...	...	6 <i>d.</i>	1889	...	...	6 <i>d.</i>
1881	...	...	5 <i>d.</i>	1890	...	...	6 <i>d.</i>
1882	...	...	6½ <i>d.</i>	1891	...	...	6 <i>d.</i>
1883	...	...	5 <i>d.</i>	1892	...	...	6 <i>d.</i>
*1884	...	...	6 <i>d.</i>	1893	...	...	7 <i>d.</i>

* In these years the rate originally fixed at the annual reading of the Budget was 5*d.* in the £, and it was afterwards (in December following) increased to 6*d.* in each case by an additional Act of Parliament.

The rate for Schedule B tax from 1842 to 1893 inclusive was calculated on the gross rental at nearly half the rate charged under the other Schedules.

1894 to 1897.

Another change was made in 1894, when all incomes *not exceeding* £160 were allowed exemption; incomes exceeding £160 and *not exceeding* £400 were allowed an abatement of £160; and incomes exceeding £400 and not exceeding £500 were entitled to an abatement of £100. In addition, the income derived by a wife from profession or vocation, and (1897 Finance Act) income derived by a wife from business carried on independently of the husband, which prior to this was considered for tax purposes as part of the husband's income, was allowed to be separately assessed, if exceeding £160, and the abatement on the amount of such income, allowed, in addition to the abatement on the husband's income. *Joint* incomes exceeding £500, however derived, were chargeable in full.

Year.				Rate.	Year.				Rate.
1894	...	...	8d.		1896	...	...	8d.	
1895	...	...	8d.		1897	...	...	8d.	

In addition to the concessions made by the Finance Act, 1894, the Schedule B rate was materially lowered, and for 1894 and 1895 stood at seven-eighths of 3d. in the £.

By the 1896 Finance Act, Schedule B profits were fixed at *one-third* of the gross rental, and the rate of duty was made uniform with all other Schedules, tax for 1896 and 1897 being charged at 8d. in the £. This alteration made no practical difference in the amount of duty payable.

1898 TO 1906.

In 1898 the abatements were extended to incomes not exceeding £700, the principle of graduation thus receiving further recognition. The limits of exemption and abatement now stand as follows :

Income not exceeding £160, totally exempt.

Income exceeding £160, but not exceeding £400, an abatement of £160.

Income exceeding £400, but not exceeding £500, an abatement of £150.

Income exceeding £500, but not exceeding £600, an abatement of £120.

Income exceeding £600, but not exceeding £700, an abatement of £70.

Income exceeding £700 chargeable in full.

Year.		Rate.	Year.		Rate.
1898	...	8 <i>d.</i>	1903	...	11 <i>d.</i>
1899	...	8 <i>d.</i>	1904	...	1/-
1900	...	1/-	1905	...	1/-
1901	...	1½	1906	...	1/-
1902	...	1⅓			

FROM 1907.

In 1907 the principle of differentiation between “earned” and “unearned” incomes was recognised, relief being allowable on the earned portion where the total income does not exceed £2,000.

Year.		“ Earned ” Income.		“ Unearned ” Income.
1907	...	9 <i>d.</i>	...	1/-
1908	...	9 <i>d.</i>	...	1/-

INCOME TAX REPAYMENTS.

INTRODUCTION.

THE particular method of assessment of Income Tax adopted by the Crown is such that in certain cases it is a matter of impossibility to avoid taxing individuals who are not liable, and overcharging others who, though liable, are yet entitled to some abatement by reason of their income being below the amount which is considered to merit a levy at the full rate of duty without any allowance. For this reason provision is made in the Income Tax Acts for repayment of overcharged tax, and the opportunity thus given for recovery is so important that it deserves to be more widely known than it appears to be at the present time. Cases have been known where Income Tax has been paid for a large number of years by persons who were clearly far from being liable, but who paid the tax or allowed it to be deducted from their income under the impression that it was a legal charge, payment of which could not be avoided.

Unfortunately there is an impression abroad that it is a very difficult matter to obtain repayment of overpaid tax; but this idea is undoubtedly erroneous, and has no foundation in fact. Every claimant must neces-

sarily go to the trouble of stating his case, but as every facility has been provided for doing so, the taxpayer has no cause to be dissatisfied if delay or misunderstanding should arise through his own neglect or carelessness. It may be urged that if income has been unjustly charged, the tax thereon should be repaid to the taxpayer with little or no inconvenience to himself, but it should be remembered that the privilege of obtaining repayment is evidently open to abuse; and it naturally follows that a certain amount of "red tapeism" must be indulged in by the authorities to secure the Revenue against the possibility of fraud.

In general cases Forms are provided whereon the indispensable particulars must be stated, and if the rules printed thereon are duly complied with, no difficulty whatever should be experienced in obtaining the repayment in due course. The omission of any essential particulars gives rise to considerable trouble, both to the claimant and the officials, and causes in some cases needless and vexatious correspondence. It is therefore imperatively necessary to give a full and clear statement of the facts in the first place, omitting nothing, and thus saving further trouble and disappointment. The claimant should be particularly careful, in seeking repayment on account of exemption or abatement, to state the "Total amount of Income from every source whatsoever," whether already taxed or not, for the reasons given on page 8.

Of course, if the patience of the taxpayer becomes exhausted by any undue delay, or if the "red-tapeism" alluded to "o'ersteps the bounds of reason," the matter

can generally be expedited by stating the case direct to "The Secretary of Inland Revenue, Repayments Department, Somerset House, London, W.C."

LIMITATION OF PERIOD FOR WHICH CLAIMS CAN BE REPAID.

"No claim for repayment of Income Tax . . . can be allowed unless it be made within three years after the end of the year of Assessment to which the claim relates." Thus, a person making a claim on any date between 6th April, 1908, and 5th April, 1909, can, if necessary, recover tax paid either direct to the Collector or by deduction from dividends, interest, etc., from the period commencing 5th April, 1905, but not for any period prior to that date.

This rule applies only to *ordinary* claims for repayment, viz.:—

- (1) EXEMPTION on the ground that the income from all sources does not exceed £160 a year.
- (2) ABATEMENTS of £160, £150, £120, and £70 on the ground that the income does not exceed £100, £500, £600, and £700 a year respectively.
- (3) Allowance of tax upon LIFE INSURANCE premiums.
- (4) FRIENDLY SOCIETIES' claims for tax paid on property or deducted from dividends, interest, etc.
- (5) CHARITY (Dividends) and Charity (Lands) claims where tax has been deducted from Dividends and paid on Lands the profits from which are exclusively applied to Charity purposes.

(6) **EXPENSES** claims, viz., where a person holding office and assessed under Schedule E has omitted to claim expenses necessarily incurred in the execution of his duties.

(7) **Rent-charge or ECCLESIASTICAL** payments claim ;
and

In addition, **Exemption** (Incomes not exceeding £160) and **Abatement** (Incomes exceeding £160 and not exceeding £700 respectively) claims by Trustees, Guardians, etc., on behalf of minors, persons incapacitated, or married women permanently separated from their husbands; and

Exemption and **abatement** claims by persons residing out of the United Kingdom. It should be noted that persons resident abroad are entitled to repayment on the ground of **Exemption** or on the ground of **Abatement** if the income *derived in the United Kingdom* does not exceed £160 or £700 per annum respectively.

For each of the cases enumerated above claims must be made on the special Forms provided by the Tax department, and these must be signed by the persons making the claims. On these Forms tax may be reclaimed for three years, if necessary.

DESCRIPTION AND NUMBERS OF THE FORMS.

All these Forms, with the exception of Forms 43 and 43A, described in page 68, can be obtained on application to any Surveyor of Taxes. When making application, the purpose for which the Form is intended should be stated,

and for the guidance of intending claimants, the following are the numbers and description of the Forms :

No. 40.—Exemption Claim, Income not exceeding £160.

No. 40A.—Abatement Claim, Income not exceeding £700.

No. 39.—Life Insurance Claim.

No. 69.—Friendly Society Claim.

Nos. 68 and 70.—Charity (Dividends) Claim and Charity (Lands) Claim, respectively.

No. 71.—Ecclesiastical Claim.

The Forms to be filled up by Trustees, referred to in the previous page, are, No. 44—Exemption (not exceeding £160), and 44A—Abatement (not exceeding £700); and by persons resident abroad, No. 43—Exemption, and 43A—Abatement.

Application for Forms 43 and 43A must be made direct to Somerset House, and not to the local Surveyor of Taxes.

Tax can also be recovered by landowners or farmers where rent has been remitted on account of agricultural depression, and Schedule A or Schedule B on lands has consequently been overcharged and paid in error. The number of the Claim Form is 192, and to this must be attached a certificate on Form No. 191, signed by the landlord or agent, showing amount of rent remitted. Claim may be made by owner or occupier for Schedule A, but by occupier only for Schedule B.

No Form is provided in cases where tax under Schedules D and E (incomes from profits of trade, salaries, etc.), is sought to be repaid. Repayment is granted only in the exceptional circumstances explained on page 42.

No. 185.

INCOME TAX.

I HEREBY CERTIFY, that on paying to.....*Mr. Richard Mathias*..... of.....*28, North Street, Windsor*.....the Sum mentioned in the second Column of the subjoined Statement, I deducted for Income Tax the amount set forth in the third Column of the said Statement, and I further certify that the amount of the Tax has been or will be paid by me either personally to the proper Officer for the receipt of Taxes, or by way of deduction from rent or other income when received by me.

Signature.....*Reginald Saunderson*.....
Residence*Norton Villa, Bedford*.....
Date.....*25th May*.....190

Description of the Property,* or Office out of which the Rent, Annuity, Salary, Pension, or Interest is payable.	Amount of Rent, Annuity, Interest, &c., from which I have deducted the Tax.			Amount of Income Tax deducted by me.			Period to which the Rent, Annuity, Salary, Pension, or Interest was due.
	£	s.	d.	£	s.	d.	
<i>Mortgage of £500 secured on 4 leasehold houses, 29-32 High Street, Bedford, @ 4½ % per annum.</i>	22	10	—	1	2	6	<i>25th September, 190 and 25th March, 190</i>

* N.B.—In the case of Property, its situation, including Street Address (if any), Parish, County, and names of Occupiers must be distinctly stated.
This Form is supplied for the purpose of being filled up by the party deducting the Tax from the Income of the Claimant, and when filed up it must be attached to the Form on which the Claim is made for a return of the Tax.

PROOF OF PAYMENT OR DEDUCTION OF TAX.

It should be noted that any documents to prove payment of Income Tax, such as Collector's Receipts, or deduction of Tax from any source of Income (Dividends, Mortgage Interest, etc.), must be securely attached to and forwarded with the Repayment Form.

WHERE CLAIMS SHOULD BE SENT.

With the exception of Life Insurance, Friendly Society, and Charity Claims, all other *original* claims (*i.e.*, where repayment is claimed for the *first time*) must be sent to the Surveyor of Taxes for the district in which the claimant resides, and all *subsequent* claims direct to the Secretary of Inland Revenue, Repayments Department, Somerset House, London, W.C. In connection with this arrangement it is very important to note that all Forms for repayment *after the first claim* are supplied direct from Somerset House, and cannot be obtained from the Surveyor of Taxes. With each Repayment Order from Somerset House is sent a blue Form, bearing a registered number, and as this is intended for next year's or future claim, if necessary, it should be carefully preserved, "as the issue of a Duplicate gives considerable trouble." If the Form gets lost or mislaid, application for a fresh form, giving date of the last repayment and other necessary particulars, must be made direct to Somerset House.

Original *and* subsequent claims for repayment of tax on

Life Insurance Premiums and tax paid by Friendly and Charitable Societies must be made direct to Somerset House, but the forms (No. 39, 69, and 68 and 70 respectively) are obtainable from the Surveyor of Taxes, whose address can be obtained from the local Collectors of Taxes.

Claims not exceeding £20 are repaid direct from Somerset House by Post Office Order. Claims exceeding that amount are paid by means of a warrant on the Receiver-General.

TAX ON MORTGAGE OR OTHER INTEREST.

Where tax has been deducted from mortgage or other Interest, and repayment is sought, the person deducting the tax (*i.e.*, the mortgagor or borrower) is required to fill up a Form certifying the deduction, and this certificate must always be attached to the Claim Form. The Form (No. 185) can be obtained from the Surveyor of Taxes. Appended is an example of a Form filled up showing deduction of one year's tax.*

CLAIMS MADE BY FEMALES.

“The income of a married woman living with her husband is deemed by the Income Tax Acts to be *his* income (notwithstanding any settlement) and her income”—when not derived from any profession or business as explained on page 8—“is to be included in the husband's claim.” For this reason a lady must always state after her signature whether “widow” or

* Deduction of more than one year's tax if necessary can be certified on a form.

NOTE. This form is to be used by a person who has not on any previous occasion made a claim for repayment of Income Tax. When a third person is directed to the same office for the district in which the claimant resides, to whom also the claimant may apply if necessary for advice and assistance in filling up the form. The Name and Address of the Surveyor may be obtained from the local Office of Taxes.

Where repayment is NOT claimed for the first time, the form sent with the last order for tax should be used, but if it has been lost or is not available, and is made by the Surveyor, it should be filled in by the Surveyor. See Section 10, Chapter 1, of the Income Tax Act, 1918, for further particulars. The application should be made to the Surveyor of the district in which the claimant resides.

No. 40.—INCOME TAX—EXEMPTION CLAIM, 190-190

Income not exceeding £160

Claimant's Name in full) *George Charles Wilkinson*
 N.B.—A lady must state whether widow or spinster
 Residence) *36, Bristol Street,*
Swindon

Money Order Office at which repayment is desired,) *Swindon*

Order No.)

B—Allowed for.

£ *1* to

This space must not be filled up by the Claimant

DECLARATION OF INCOME.

E U

I declare that the following is a true account of my income from every source, whether taxed or not, for the year to 6th April, 190, and I therefore claim Exemption from Income Tax, and to be repaid the sum of £ *17 5 0*

Signed at *Swindon* by *G. C. Wilkinson*,
 Date *27 May, 190*

PARTICULARS OF INCOME FROM EVERY SOURCE, WHETHER TAXED OR NOT.

No. 1.	Source of Income.	Annual Amount of Income from each source.			Amount of Income Tax paid on or deducted from each source of Income.		
		£	s	d	£	s	d
	<i>Wages as Railwayman</i>	<i>91</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
	<i>Two Houses, 23 & 25, Mill Street, Bristol</i>	<i>12</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>12</i>	<i>0</i>
	<i>Two Houses, 34 & 36, Bristol Street, Swindon</i>	<i>28</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>8</i>	<i>0</i>
	<i>Dividend from Great Western Railway Shares</i>	<i>10</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>10</i>	<i>0</i>
	<i>Dividend from Bristol Gas Company</i>	<i>1</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1</i>	<i>0</i>
	<i>No other Income</i>						
Total Amount of Income and Income Tax thereon		£ <i>175</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>12</i>	<i>0</i>
No. 2.	Particulars of Charges on Income, such as Ground Rent, Annual Interest, &c.	Amount of Charge.			Amount of Income Tax paid on or deducted from each source of Income.		
		£	s	d	£	s	d
(a)	Ground Rent	<i>10</i>	<i>10</i>	<i>0</i>			
(b)	Mortgage	<i>12</i>	<i>10</i>	<i>0</i>			
(c)	Other Annual Charge						
Total Amount of Income less charges, and amount of Income Tax thereon to be repaid		£ <i>156</i>	<i>0</i>	<i>0</i>	<i>2</i>	<i>12</i>	<i>0</i>

Having examined the particulars of my Income, I certify that the Claimant appears to be entitled to exemption from Income Tax, and to be repaid the sum of £ *17 5 0*

Given under my hand, this *27* day of *May* 190 *Swindon*
 District *Swindon*

These totals must be deducted from the totals shown in No. 1 as the tax on the charges is recoverable from the persons to whom the charges are paid.

“ spinster,” and a claim for repayment of tax on any source of a married woman’s income, except that derived from profession or from business carried on solely on her own account, must be made and signed by her husband. In other words, a married woman living with her husband, with the above exceptions, has no *locus standi*, and cannot under any circumstances make a claim herself for repayment of Income Tax.

A woman permanently separated from her husband is entitled to claim through her Trustees (Form 44 for Exemption and 44A for Abatement). Where, however, the separation is not judicial, it is likely to be permanent, application for permission to make claim should be made direct to Somerset House, when the length of time already lived apart and any other particulars bearing on the case should be stated. Each case is decided on its merits, but generally no claim is allowed until the lapse of three years from the date of separation.

CLAIMS FOR REPAYMENT ON ACCOUNT OF EXEMPTION.

In all claims under this head, *i.e.*, when the income does not exceed £160 per annum, the Form No. 40 should be used. After filling up the heading—Money Order office at which the Post Office Order is to be cashed, signature, full address, and date—the full amount of income from all sources should be shown and explained in the spaces provided for the purpose. The space at the back is rarely used, being reserved for Bank of England Stock and Government Annuities, and in case no income is received from these sources, this space

should be left blank. The recipient of income from these sources must give a full description—official number, names of trustees if any, and whether paid through the bank, etc.—these particulars being essential, as vouchers proving payment of tax are not required. Space No. 1 should contain particulars of income from all sources, whether from Railway or other dividends, property, salary, farming, interest, or any other source. Space No. 2 should be very carefully filled up, showing Ground-rents or Mortgage Interest or other charges such as Annuities paid on property. If the property is freehold, care should be taken to state that fact, and if there is no interest payable, the words “No Mortgage” should be stated, otherwise the Claim will be sent back for these particulars. The tax on these charges being allowed by the Ground-landlord and Mortgagee as explained in page 21, it must be deducted in the Claim from the amount of tax paid to the Collector—hence the importance of paying particular attention to the instructions as to showing whether there are any or no deductions to be made under this head.

Remember, under no circumstances should space No. 2 be left blank.

The two money columns are provided for showing (1) amount of income from each source, and (2) the amount of tax paid on or deducted from each source. To elucidate, the following is a supposititious case: A railway-man in the receipt of weekly wages has four leasehold and mortgaged houses on which tax has been levied, and some Railway and other shares on which tax has been deducted. His total income being less than the taxable

Where repayment is NOT claimed for the first time
 If it has been lost or mislaid, application should be made to
 the Secretary of Internal Revenue (James Brane) 1 East Wapping
 House, London W1, for another form. In making
 the application the date when the
 payment was obtained
 should be stated, and if possible
 the date of receipt of the cheque.

* These totals must be deducted from the totals shown in No. 1 as the tax on the charges is recoverable from the persons to whom the charges are paid.

amount, his claim should be made as shown in the appended Form, No. 40.

NOTE.—Receipts for property tax and vouchers for dividends should be annexed to the Claim Form.

CLAIMS FOR REPAYMENT OF ABATEMENT.

When the total Income exceeds £160 but does not exceed £700, and duty has been paid on the full amount, the tax overpaid must be reclaimed on the Form No. 40a. If the income was *fully* taxed and did not exceed £400 in 1903-9, the amount overpaid was £8 0s. 0d. (£160 at 1s.), and if not exceeding £500 and fully taxed, the overpayment was £7 10s. (£150 at 1s.) In case a portion of the income has not been assessed, the tax on such portion must, of course, be deducted and disallowed. For instance,

(1) *A*'s income is as follows:—

			£	s.	d.	
Salary	...	...	250	0	0	fully taxed.
Rents of property	...	...	80	0	0	„ „
Shares	...	...	20	0	0	tax deducted.
Agency	...	...	45	0	0	not taxed.
<hr/>						
Total	...	...	£395	0	0	
<hr/>						

from which *A* is entitled to an Abatement of £160, but as £45 has escaped assessment the tax repayable would be on £115 only.

(2) *B*'s Income has been assessed as follows:—

	£	s.	d.	
Profits of trade ...	550	0	0	fully taxed.
Rents of property ...	80	0	0	„ „
Dividends ...	25	0	0	free of tax.
Interest on note of hand	10	0	0	not taxed.
<hr/>				
Total ...	£665	0	0	
<hr/>				

from which *B* is entitled to an Abatement of £70, but as £10 has not been assessed he can claim repayment on the balance of £60 only. The expression “free of tax” means that the income thus paid has already been assessed. (See page 10.)

NOTE.—If the profits from trade in the above case fall below £550, *B* has no remedy, but must consider his profits to be the amount upon which he has been actually assessed. He should have objected and obtained a reduction of the assessment by appealing at the proper time. In claiming repayment, however, if the claimant does not object to the amount at which he has been assessed, no accounts are necessary, and he need only insert the amount actually assessed, together with particulars of other sources of income.

Where profits of trade or profession have been paid upon, it is necessary to annex the Schedule D receipts with all other receipts and vouchers in support of the claim.

Form No. 40a requires exactly similar particulars as No. 40, and for the information of intending claimants a

[THIS FORM is to be used by a person who claims for the FIRST time. When filled up it should be sent to the Secretary of Inland Revenue (Claims Branch), East Wing, Somerset House, London, W.C.]

Where Repayment is NOT claimed for the first time, the Form sent with the last order of Repayment should be used, but if it has been lost or mislaid, application should be made to the Secretary of Inland Revenue (Claims Branch), East Wing, Somerset House, London, W.C., for another Form. In making the application, the date when the last Repayment was obtained and, if possible, the official number of the order should be stated.

No. 39.—INCOME TAX.—LIFE INSURANCE CLAIM, 190 -190 .

Registered No. of Claim.

I declare that the particulars stated below are true to the best of my knowledge and belief. I further declare that Income Tax has been borne by me on my Income as stated, for the year ending the 5th day of April, 190 , and I claim to be repaid the sum of £.../2...3,

at the Money Order Office at¹Dover.....

.....

¹. State FULL address of office.

CLAIMANT'S SIGNATURE {*Arthur Edward Scott*,.....

N.B.—A Lady must state, after Signature, whether Widow or Spinster.

Order No. {

£—Allowed for

£ s. d. to

is space must not be filled up by the Claimant.

NOTE. THIS FORM is to be used by a person who claims for the FIRST time. When filled up it should be sent to the Secretary of Inland Revenue (Claims Branch), East Wing, Somerset House, London, W.C.

Where Repayment is NOT claimed for the first time, the Form sent with the last order of Repayment should be used, but if it has been lost or mislaid, application should be made to the Secretary of Inland Revenue (Claims Branch), East Wing, Somerset House, London, W.C., for another Form. In making the application, the date when the last Repayment was obtained and, if possible, the official number of the order should be stated.

No. 39.—INCOME TAX,—LIFE INSURANCE CLAIM, 190 -190 .

Registered No. of Claim

<p>I do hereby declare that the particulars stated below are true to the best of my knowledge and belief. I further declare that Income Tax has been borne by me on my Income as stated for the year ending the 5th day of April 190 , and I claim to be repaid the sum of £ <u>15</u> 0 0.</p> <p>I am, at the present time, residing at <u>Dover</u></p> <p>(Signed) <u>Arthur Edward Scott,</u> <small>Signature of Claimant</small></p> <p><u>117 Trinity Street,</u> <small>Address of Claimant</small></p> <p><u>Dover</u> <small>Town</small></p> <p>Date <u>18th May, 190</u></p>		<p>Order No. <u> </u></p> <p>E—Allowed for</p> <p>£ <u>15</u> 0 0 to</p> <p><u> </u></p> <p>£ <u>15</u> 0 0</p> <p>E U</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">The above must not be filled up by the Claimant</p>
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STATEMENT OF INCOME.

NOTE.—This statement must contain full particulars of Claimant's Earned Income, but otherwise may be limited to so much Net Income as shall equal six times the amount of premiums, the tax on which is claimed to be repaid.

Source or Sources from which Claimant's Income is derived	Where Assessed thereon is made	Amount of Net Income from each source, exclusive of deductions	Amount of Tax borne by Claimant on Income from each source
		£ s d	£ s d
<i>Salary as Manager Channel Engineering Co. Ltd.</i>	<i>Dover</i>	750 0 0	15 0 0
		750 0 0	15 0 0

PREMIUMS PAID ON POLICIES OF INSURANCE, &c., AND CLAIM FOR REPAYMENT IN RESPECT THEREOF.

Name of each Company with which the Claimant has taken out a Policy of Insurance, or entered into a Contract for a Deferred Annuity on his life, or on the life of his Wife	Amount of each Annual Premium	Amount of Income Tax which Repayment is claimed
	£ s d	£ s d
<i>Great Southern Insurance Co.</i>	15 0 0	15 0
<i>Legal Insurance Co.</i>	25 0 0	1 5 0
<i>Pioneer Life Society's Deferred Annuity</i>	32 5 0	1 12 3
	72 5 0	1 12 3

specimen claim where all sources of income have been fully assessed is appended.

In the foregoing sample case the rents are *nett* (i.e., after deduction of local rates and repairs), the latter item being taken as one-sixth of the rent after deduction of rates, as explained on page 14. The documents to be annexed to the claim would be the vouchers certifying deduction of tax by the Great Western Railway Company and the Bristol Corporation, property tax receipts for £3 15s., 16s., and 11s. 6*d.* respectively, and a certificate of deduction of tax by the mortgagor of the Corn Street property as explained on page 70.

LIFE INSURANCE CLAIM.

Claims for repayment of tax on Insurance Premiums require a statement of income, as in previous cases, and in addition, particulars of the amount of premiums annually paid. A person may claim in respect of premiums paid on the life of his wife, as well as on his own life. As already explained, the Claim, when filled up, should be forwarded direct to Somerset House, with the Insurance receipts for which repayment is claimed attached. These receipts are generally detached and returned to the claimant as soon as they are examined, and before the Money Order is issued.

Receipts to prove payment of Income Tax need not be annexed to the Claims, and claims for three years, if necessary, may be made on one form.

Claims must be restricted to one-sixth of the total

income. Thus, a person in receipt of £300 per annum from all sources may claim to the extent of £50 annual premiums and no more. Cases are rare where persons pay more than this proportion in annual premiums.

Appended is a specimen claim duly filled up.

It need hardly be explained that tax on premiums must be calculated at the rate of duty charged during the year for which such claim is made.

The insurance receipts should be securely attached to the Claim Form. In cases where payment of the first premiums is shown on the Insurance Policy itself—as is the custom with many Insurance Companies—the Policy itself should be forwarded with the Claim Form.

It will be observed that claim is made in the foregoing example in respect of premiums paid for a Deferred Annuity. This is, of course, allowable in the same way as for ordinary Life Assurance.

Claim cannot be made for repayment of tax on premiums paid for compensation in case of accident, but if the Policy covers *death* by accident it is considered as an ordinary Life Policy and can, of course, be claimed for.

FRIENDLY SOCIETY CLAIM.

Cases have come under the writer's notice where duly registered Friendly Societies have paid Income Tax for many years on property, or allowed Income Tax to be deducted from dividends or interest payable to them, without appealing for repayment of the amounts so

THIS FORM IS INTENDED FOR AN ORIGINAL CLAIM ONLY. When filled up (including Certificate at foot of Form) it must be sent to the Secretary (Repayment Branch), Inland Revenue, Somerset House, W.C. If a PREVIOUS CLAIM OF REPAYMENT has been made within the last three years, THIS FORM should NOT be used. The proper Form may be had by letter addressed as above, but the DATE, as nearly as can be remembered, when the last Claim was made must be quoted.

No. 69.—INCOME TAX.—FRIENDLY SOCIETY CLAIM, 190 -190 .

Registered No. of Claim.

1 Give Title of Friendly Society Name of Court, Lodge, or otherwise) or Savings Bank.
 1 "Star of the West" branch, Independent Order of Oddfellows
 2 State whether duly Registered, and append Copy of Rules.
 2 Duly registered as per copy of Rules annexed.
 3 Give Income applied.
 3 Relief in cases of Sickness and Death, &c.
 I, as Secretary of the above-named Society, declare that the amount on which I now claim to be repaid the sum of £4.....2.....6, for the 1 year ended 5th April, 190 , has been applied as above-mentioned, and I request repayment at the Money Order Office at Derby

Order }
 No. }

D--Allowed for

£ s. d. to

4 State FULL Address of Office.

is NOT be filled up by the Claimant.

deducted; and, for the protection of these useful bodies, it would be well to note that any Friendly Society duly registered under Act of Parliament—provided the sum assured by the Society to any Member does not exceed £200, and the annual amount of any Annuity or Annuities granted by the Society does not exceed £30—is exempt from taxation, and they can legally claim repayment of Income Tax paid by or deducted from them.

Up to 1888 *property* belonging to Friendly Societies was liable to taxation, but exemption was then extended to Income from this source. Property Tax (Schedule A) is not therefore chargeable, and if paid should be recovered from Somerset House. Tax on Ground Rent, if any, and Interest, if the property is mortgaged, must of course be paid by the Society, this being recoverable from the ground landlord and mortgagee, as explained on page 21.

Claims for three years, if necessary, may be made on a Form.

The subjoined specimen Claim refers only to income derived from sources other than property. The Claim Form for repayment of Property Tax can be obtained on application to Somerset House.

It is not necessary to show the total income of the Society. Particulars shown on the Form should be restricted to a statement of the sources of income in respect of which repayment is sought.

It should be particularly noted that vouchers certifying deduction of tax from dividends, or certificates for tax deducted from Interest, together with a copy of the

Rules of the Society, must be attached to the Claim Form. In the case of Mortgage Interest the person who deducts the tax should furnish the Society with Form No. 185 duly filled up. (See example, page 70.)

A Trade Union (Provident Funds) Claim is almost similar in character to the Friendly Society Claim. The Form (No. 69A) may be obtained from any Surveyor of Taxes.

In the foregoing specimen case the documents to be annexed to the claim are—

- (1) Certificates of deduction of Income Tax on Form 185 (See example, page 70) signed by E. S. Moriarty and S. J. Lynch respectively, and
- (2) Dividend vouchers of the Great Western Railway Company.

OTHER CLAIMS.

Claims relating to Charities (Lands and Dividends), Ecclesiastical claims, claims by Trustees on behalf of minors, etc., and claims by persons residing abroad are so rare that it is hardly necessary to reproduce the Forms relating to such claims within the compass of this work, especially in view of the fact that the particulars required by these Forms are almost identical with those of which examples have already been given. Care should be taken when applying for these Forms to quote their official number as given on page 68, together with an explanation as to the use for which they are intended.

No printed form of claim is supplied in cases where tax on Interest to certain Building Societies (see page 22) is paid in error. Claim for repayment in such cases should be made by *written* application to the Secretary of Inland Revenue, to whom should be sent at the same time the Building Society's Certificate of Interest paid and the Collector of Taxes' receipts. Claim may be made for three years, if necessary, or any shorter period during which the Society has been under arrangement.

POSTAGE OF CLAIMS AND DOCUMENTS, etc.

It is important to note that ALL correspondence with Somerset House, whether relating to claims or other matters, is POST FREE, but letters, forms, or accounts to Surveyors or other local officials must be prepaid.

INHABITED HOUSE DUTY.

INTRODUCTION.

THE Inhabited House Duty is a much older branch of Revenue than its companion impost, the Income Tax. The principle of this tax also is undoubtedly fair, although it has been argued that it is not always so equitable as Income Tax, inasmuch as the relative value of taxable houses in different localities differs considerably, and for assessment of House Duty no provision is made to meet the inequality that naturally arises from the present system of appraising the value upon which the assessment should be based. As an instance of this, an ordinary house in a large town, occupied by a person in ordinary circumstances, is often assessed at the same amount as a larger, better-class house in the country, the occupier of which would naturally be better able to bear the weight of the taxation. But it is easier to point out the defects than suggest remedies; and the justice of the above case may be impugned by the argument that the advantages of the former would nullify the supposed advantages of the latter position, and that it is only fair that the taxpayer should be assessed according to the favourable or unfavourable position in which he is placed. Furthermore, it may be

pointed out that the assessment for House Duty purposes is the same in principle as assessments for local rates.

House Tax has a distinct advantage over Tax upon Income in that its imposition does not necessitate official prying into the personal and private affairs of the taxpayer. The authorities know only too well that however ready an individual may be to admit that taxation of Income is fair in principle, he has a natural tendency to resent and take offence at the inquisitiveness of the official whose duty it is to assess him at his proper quota ; hence it is that the House Duty holds such an important and permanent position among the taxes of this country.

House duty was first levied in 1779. It was imposed as an auxiliary to that most objectionable and health-destroying levy—the Window Tax—which had been the principal source of Revenue for the preceding thirty years. The principle of the House Tax, although the duty was heavy and hard to bear, was the same as the familiar Inhabited House Duty of the present day ; but it was soon found necessary to amend the method of taxation, and in course of time the laws relating to it were so modified and improved that it gradually became less objectionable and burdensome to the taxpayer.

EXPLANATION OF THE TAX.

As its name implies, Inhabited House Duty is a tax upon dwelling-houses, the householders being the persons chargeable. Although the amount of Income has nothing to do with the assessment of a taxpayer's residence for House Duty purposes, it can be generally assumed that

the value of the house he lives in is a fair criterion of the sum total of his income, and, therefore, of his ability to bear the weight of this extra taxation. With this view, houses occupied by persons of small incomes, generally speaking, are exempt from taxation, while those who can afford to live in better-class houses are taxed according to the annual rent or value of their dwelling. Be the income ever so limited, if the recipient chooses to live in a house the yearly value of which is above the standard allowed by law for exemption, he is liable as occupier, and must pay according to the annual value or rent of his house.

OFFICERS.

The laws governing Income Tax apply equally to House Duty as far as the imposition and collection of this source of Revenue are concerned. Appeals are heard and determined by the District Commissioners, the Surveyors of Taxes conduct correspondence with the public, and Assessors and Collectors have equal power in assessing and collecting House Duty as they have in the assessment and collection of Income Tax. Full explanation of the functions of the administrators of the Income Tax having already been given, it is unnecessary to repeat them here.

The Special Commissioners, being only appointed for Schedules D and E (Income Tax) purposes, have nothing to do with House Duty, and all assessments are made and appeals heard by the District or Local Commissioners.

THE YEAR OF ASSESSMENT.

The financial year is also the same as for Income Tax purposes, viz., from 6th April to 5th April following (in-

clusive) and the tax becomes payable on or before the 1st of January before the end of the financial year.

RATE AND VALUE AT WHICH HOUSE DUTY IS CHARGED.

Unlike Income Tax, the rates do not vary according to the deficit in the Budget or the surplus at the disposal of the Chancellor of the Exchequer. The assessment is made on all dwelling-houses of the annual value or rent of £20 and upwards, and for the 40 years prior to 1890 the rate stood as follows :

(1) $\left\{ \begin{array}{l} \text{Shops, public-houses, inns,} \\ \text{Hotels, coffee-houses, farm-houses,} \\ \text{Licensed lodging-houses,} \end{array} \right\} 6d. \text{ in the } \pounds.$

(2) Private dwelling-houses 9d. in the £.

In 1890 the principle of graduated taxation was admitted, and a reduction of the rate accordingly made as follows :

(1) Shops, public-houses, etc.—

Annual Rent and Value.	Rate.
£20, and not exceeding £40	2d.
Exceeding £40 and not exceeding £60	4d.
Exceeding £60	6d.

(2) Private dwelling-houses.

Annual Rent and Value.	Rate.
£20 and not exceeding £40	3d.
Exceeding £40 and not exceeding £60	6d.
Exceeding £60	9d.

Where solicitors, agents, accountants, medical practitioners, etc., carry on business at their residence, such residence cannot in consequence be charged at the lower rate of duty, nor can allowance be made in respect of the portion occupied exclusively for professional purposes. In all such cases the whole of the premises is chargeable as a private dwelling-house.

EXEMPTIONS.

- (1) All houses below £20 annual value or rental.
- (2) All premises, such as shops, warehouses, etc., occupied solely for business purposes and not slept in at night. Exemption is allowable, however, under certain conditions where a caretaker resides on the premises. A caretaker is defined as follows in the 1881 Budget: “ . . . a menial or domestic servant employed by the occupier,” or some “other person of a similar grade or description not otherwise employed by the occupier, who shall be engaged by him to dwell in the house or tenement solely for the protection thereof.” A caretaker may be allowed to have residing with him his wife and children or dependents.
- (3) Premises built for artisans’ dwellings, each tenement of which is under £20 annual rent or value.
- (4) Government buildings and offices.
- (5) Hospitals, infirmaries, workhouses, etc.

OTHER AND PARTIAL EXEMPTIONS.

In large buildings belonging to and occupied by public authorities for public purposes the portion occupied by the caretaker only is to be assessed to House Duty—*i.e.*, if the annual value of such portion is £20 and upwards. If the annual value of the portion so occupied is under £20, and proof of this is adduced before the Commissioners, no House Duty is chargeable.

In the case of lock-up premises, the Surveyor of Taxes must satisfy himself that the premises are not provided with sleeping accommodation, and for this purpose he is required to make an annual inspection of the building.

The assessment of large residences standing in their own grounds must include the value of the land or gardens attached thereto, if not more than one acre in extent. In case the area of the land exceeds an acre, the assessment is only to include the acre adjoining the house.

The House Duty assessment on a farmhouse must be estimated apart from the land, and in cases where the rental of the *house itself*, if separately let, would be less than £20, no assessment should be made. Generally speaking, in all cases except purely country residences, the assessment, if any, is to be restricted to the annual value of the portion actually used for the purposes of a dwelling-house.

Allowance can be made for any period during which a house has been vacant, as in the case of property tax (Schedule A), but, unlike property tax, an occupier cannot be held responsible for any House Duty left unpaid by

his predecessor. Each occupier must pay for the actual period during which he has been in occupation. The claim for deduction in respect of the unoccupied period may be made to the Collector when he delivers his demand note.

When a house assessed to House Duty has been occupied for a portion of a year only, and the rent paid for the whole of the financial year does not amount to £20, exemption cannot be allowed for this reason, and the proportion of tax for the time occupied must be paid.

GENERAL DEFINITION OF "AN INHABITED HOUSE."

For House Duty purposes an assessable house is generally taken to mean the part actually used as a residence, together with any other building under the same roof included within the taking and used by the occupier, and any yard or garden with outhouses in the *immediate vicinity* of the main premises. The inclusion of outbuildings in the House Duty assessment often depends upon the rating for purposes of Poor Rate; if the whole of a taking is included in *one rating* for local purposes, the probabilities are that the House Duty assessment will be fixed on the same basis.

"INTERNAL COMMUNICATION."

Internal communication between two houses renders the occupiers liable to one assessment on the value of both houses combined. In case where internal communication is discontinued, and claim for partial or total exemption is

made in consequence, the means of communication must be permanently stopped by the erection of a stone or brick wall.

Where a house of the annual value of £20 and upwards is let in flats or tenements, and occupied by two or more persons or families, the assessment is on the full annual value, but in this case the *owner* becomes liable for payment of the House Duty.

BENEFICIAL OCCUPATION OF PROPERTY.

When a property is beneficially let, *i.e.*, when the rent paid does not represent the actual annual value of the property, which is underlet for considerations other than rent, the assessment (if the annual value is £20 or upwards) is made upon an estimated value. Assessments in such cases are generally, but not necessarily, made upon the same amount as the Gross Estimated Rental in the Poor Rate. In no case can the House Duty assessment be below the Rateable value in the Poor Rate.

With the exception of the observations relating to the liability or non-liability of the tenant for Income Tax in the case of beneficial occupation of property, the explanation already given under the same heading for Income Tax (page 16), also applies to House Duty. For House Duty purposes, the tenant, whatever the amount of his income may be, is liable for the tax on the full assessment.

The Licence (Excise) Duty on licensed premises being fixed according to the House Duty assessment, it is very

important that licence-holders should take care to have the assessment adjusted in cases of overcharge.

HOW THE ASSESSMENTS ARE MADE.

The rules governing the assessment of House Duty are practically the same as those relating to Schedule A or Property Tax. The assessments are only made once in five years, and once made cannot be increased (even when the rent is raised) for the whole period, except in cases where structural alterations have been carried out. In case of reduction of rent the assessment can generally be reduced on notification to the Surveyor of Taxes, and production of proof of the reduction.

In the first place a copy of the Poor Rate is obtained, and from this Forms are issued to each occupier for a declaration of the rent paid, if the property is let—or, if the owner is also occupier, for an estimate of the annual value—and other necessary particulars. The assessment is then made according to the particulars given, if the Commissioners are satisfied as to their correctness. In case the occupier neglects or omits to make the return, the property is liable to be assessed above its real value, in which case it may become necessary to appeal before the Commissioners for a reduction. Notices of the proposed assessments are then issued to the occupiers, and the appeal day notified. It is unnecessary to point out the advantage of complying with the law in the first place by making the return called for, and thus saving the needless worry and expense entailed by a personal appeal.

The assessment is fixed on the full rental. Thus a house let at £50 per annum is assessable at £50.

In smaller class property, especially when it is let at a weekly or monthly rental, it is not unusual for the owner to pay the rates instead of the occupier. In such cases the House Duty is assessable on the gross rent *less local rates*. Thus, a house let at 12s. 6d. per week under these conditions should be assessed as follows :

	£	s.	d.
Gross rent	32	10	0
Local rates, say	7	10	0
	<hr/>		
Nett rent, being House Duty value	£25	0	0

fractions of a £ being disregarded.

(For rates at which House Duty values are charged, see page 83.)

The foregoing observations do not apply in every respect to the method of arriving at the assessable value of inhabited houses in the metropolitan area, where the assessment is always based upon the Gross Estimated Rental for local purposes, as explained in page 19.

Water rates are considered as local rates, and, if paid by the owner, are deducible from the Rent before arriving at the House Duty value.

In the case of new property, the duty is payable from the date of the commencement of the tenancy. In such cases the assessment stands until the end of the quinquennial period, as in the case of old or existing properties. In these cases, also, similar Forms as for older premises are issued, and for the purpose of illustration a sample Form, duly filled up, will be found facing page 20.

GENERAL OBSERVATIONS.

In the case of long leases, in consideration of which the tenant sometimes gets a considerable advantage, the Commissioners have the power to fix the assessment upon an estimate of the true annual value of the house.

Notice of appeal can be delivered to the Surveyor of Taxes at any time. No printed form is provided for this purpose.

Collectors of Taxes have no power to claim payment of House Duty under any circumstances from the owner (except in cases of tenements or flats, as explained in page 87). Even in case where an agreement exists between landlord and tenant that *all* taxes, including House Duty, are to be paid by the former, the *occupier* is the person legally liable, and to him the Collector must look for payment.

The statutory allowance for repairs cannot be claimed in arriving at the House Duty assessment. For this reason the House Duty assessment is always higher than the Schedule A or property tax assessment. No allowance for repairs being made, the assessment on a house let under a repairing lease would be more than the actual rent paid. Assuming that a fair average for repairs amounts to a sixth of the nett rent (Finance Act, 1894), the House Duty assessment on a house let at £40 under a repairing lease, the occupier paying rates, would be *one-fifth* more, viz., £18. In the same way, the Schedule A assessment of a house held under a repairing lease at £120 per annum would be £120, and the House Duty assessment £144—one fifth

added. Although this rule has not yet been legalised, it should serve as a rough-and-ready method for arriving at a fair approximation for House Duty assessment in cases of this kind

Repayment of House Duty cannot be claimed, and no Forms are provided as in Income Tax cases. In very exceptional cases, where duty was evidently paid in error, an account of the circumstances should be sent to the Secretary of Inland Revenue, Somerset House, London, W.C.

LAND TAX.

INTRODUCTION.

IN the beginnings of organised government the problems of taxation were simple and easily met. The chief of the tribe or clan, if not supplied with the things he needed, took them. Naturally he levied where he was assured of the best return for the time and trouble of himself or his servants; and here was the first application of that modern principle known to us as taxation according to capacity. Portable property—flocks, herds, stores of corn—was naturally the primary basis of assessment, and from this it was an easy transition to recognised imposts in kind on the land which made these portable properties possible. Accordingly we find that from the earliest days of organised government, down through the long growth of progress and civilisation, the land has had to bear its definite burthen, directly or indirectly, in men, chattels, or money, in defraying the expenses of government.

There is little doubt that in the Saxon period direct and definite taxation of land was occasionally resorted to for the supplies necessary to the country in time of war, but the exact date of its first regular imposition cannot be fixed with any degree of certainty. Coming nearer to our time, it has been clearly established that the tax existed in something not unlike its present form

in the time of the early Norman kings. Elementary in principle and simple in administration, it is small wonder that the legislators of those troublous times readily adopted it as a welcome means of replenishing an exchequer always more or less impoverished by internal strife or foreign wars.

The tax fulfilled its original purpose so well with the advance of civilisation and the firmer establishment of the government of the country, that it gradually grew in importance and became a recognised permanent source of Revenue. The methods of assessment and means of recovery were eventually reduced to a system, until each county contributed its proper quota to the treasury, and it became a comparatively easy matter to raise the "sinews of war" when the necessity for doing so arose.

In the early Norman period, when the Sovereign had absolute power, the amount of tax periodically levied depended greatly upon the prevailing whim of the reigning monarch; but this prerogative was apparently so abused that provision was made by a clause in Magna Charta whereby its future imposition should be sanctioned and regulated by Parliament. Succeeding monarchs, however, had such great power that this enactment was often disregarded, and exceptional calls towards defraying the expenses of petty wars in which the kings of those days delighted were the rule rather than the exception. Under these circumstances the pound rate sometimes reached as high as four shillings.

There were no fixed and regular periods for making assessments, levies being made according to the immediate needs of the State, until the outbreak of the Civil

War of Charles I., when Parliament, to meet the exceptional expenses involved thereby, resorted to *monthly* levies while the war lasted. The principle of regular periods for making assessments thus introduced has been continued to the present day.

In the reorganisation of the National Finances under William III., a readjustment of the Land Tax in 1693 led to a general revaluation of personal and real estate, when the aggregate amount of tax required to be raised was allotted in due proportion among the various counties, hundreds, and parishes in England and Wales. This valuation is worthy of note from the fact that it laid the foundation on which the quotas of the present day are in a great measure founded. In development of the Parliamentary practices introduced in 1689, the *annual* voting of the sum to be raised was made a definite constitutional practice in 1700, and from this date until the passing of the Land Tax Redemption Act in 1798 the amount to be raised and the rate to be charged to meet the expenses of each year were fixed annually by Act of Parliament. The effects of this and subsequent Acts are so important and far-reaching that it would not be out of place to state shortly the purpose for which they were passed and some of their leading provisions.

THE LAND TAX REDEMPTION ACT, 1798, AND SUBSEQUENT ACTS.

It must be remembered that the Tax, although known as Land Tax, had been for many centuries charged upon personal as well as real property. Indeed, there can be

no doubt that it was intended to partake somewhat of the principle of the Income Tax of later years, being charged upon the estimated worth of individuals in "personalty, certain offices, employments, pensions, and occupation of land." The difficulties attending the assessment of *personalty* proved so great that the proportion contributed under this head diminished year after year, so that the aggregate amount thus lost had to be made up by increased assessments upon land. The steadily increasing burthen thus imposed upon landholders led to a general dissatisfaction with the impost, which Pitt was not slow to take advantage of when casting about for means whereby to reduce the National Debt. The Debt at this time had grown to such proportions that investors had lost faith to an alarming extent in State security, and as a result the price of the Public Funds had fallen to less than half their nominal value. To reduce the National indebtedness became, as a consequence, a pressing problem in National Finance, and the expedient of allowing those liable to Land Tax to secure freedom from assessment by paying off a portion of the National Debt was suggested and accepted. To this end the Land Tax Redemption Act of 1798 was passed.

To make the scheme practicable it became necessary in the first place to fix an unchangeable quota. As already explained, the amount raised annually depended upon the estimated expenditure of the coming year, and the quotas, as well as the pound rates chargeable, varied accordingly. The amount called for in 1798 being nearly two millions—to be exact, £1,989,673 7s. 10½*d.*—it was enacted that this sum should be made a permanent charge; as a

consequence, a quota was fixed for each parish in England and Wales, such quota to remain a permanent charge against such parish, subject to reduction on account of sums redeemed under the provisions of the Act.

The scheme adopted for redemption was the investment by the taxpayer of so much capital in Government Stock as would produce at the then rate of interest—three per cent.—sufficient interest to cover the amount charged. To defray the necessary expenses of redemption a percentage amounting to as much capital as would redeem one-tenth of the Land Tax charge was imposed in addition. For instance, the amount of Stock required to be purchased in order to redeem a charge of £1 would be £36 13s. 4d. Thus:

			£	s.	d.
Land Tax charge	..	..	1	0	0
One-tenth part thereof	...	...	0	2	0
			<hr/>		
Total	...	...	£1	2	0
			<hr/>		

Amount of Stock at three per cent. required to produce twenty-two shillings interest=£36 13s. 4d.

The amount so invested was then applied towards the reduction of the National Debt, so that for each £1 of Land Tax redeemed at that time the Debt was relieved to the extent of £33 6s. 8d., the expenses of redemption being responsible for the balance of £3 6s. 8d. To clearly understand the advantage offered by redemption it should be borne in mind that the price of the public funds was at this time so low that Government Stock could be

bought at less than half its nominal value; consequently, the permanent redemption of £1 tax required an actual expenditure of less than £20, making the tax of 1798 redeemable at less than twenty years' purchase.

All properties were subject to redemption, except those occupied at Rack Rent or held under the Crown.

In order to accelerate the reduction of the National Debt, it was further enacted in 1803 that where persons declined to take advantage of the terms of redemption, the State could *sell* their tax to outsiders. In such cases the tax was still to be levied, the Government being responsible for its collection and transfer to the purchaser. For many years after the passing of this clause such investments, in addition to being safe, were profitable, the low price of the funds making it possible to obtain a good return on money so invested.

The object of the measure was attained to a great extent. The advantageous terms by which exoneration could be secured resulted in the first three years in the redemption of tax amounting to over half-a-million, the first year alone being responsible for seven-eighths of this amount—and the total amount redeemed at the end of five years at the varying and increasing price of funds represented the cancellation of more than a million of the Public Debt. Although the value of Government Stock varied considerably for several years, the tendency was upwards, so that the actual amount of money required to redeem grew proportionately larger. The improvement in the price was so marked in the thirty years ending 1852, that in that year redemption could not be secured at a less price than thirty-three years' purchase.

This led to a modification of terms in the following year.

Beyond a few amendments and modifications of minor importance, no changes of general effect took place up to this time. In 1853 an important concession was granted whereby redemption could be secured at a price $17\frac{1}{2}$ per cent. below that fixed by the original Acts. This change was rendered necessary by the great improvement in Government Stock, the price of which in the previous year stood at 99. At this high figure it was generally felt that even the new terms were none too favourable to the redemptioner, the purchase price of the tax being still close on thirty years.

These conditions prevailed until 1896, except that in 1889 the rate of interest on Stock was lowered from 3 to $2\frac{3}{4}$ per cent., which had the effect of increasing the amount necessary to redeem by nearly 10 per cent., thus nullifying to a marked degree the advantage of the concession made in 1853.

The important reforms in the imposition and terms of redemption of the tax introduced in the Finance Act of 1896 were rendered necessary by the shortcomings of the original Land Tax Acts. The authors of the original Land Tax Acts were quite aware of these shortcomings, but they allowed them to remain for fear of too suddenly revolutionising the then system of taxation, and unfortunately their entire removal at the present day would be unfair to those who since 1798 have incurred great expense to secure immunity from taxation by redemption.

One of the greatest drawbacks of the original Acts was the total lack of provision for the natural growth

or deterioration in the assessable value of property, the quota payable by each parish (except where redemptions had been effected) remaining unchanged, notwithstanding alterations, however serious, in the circumstances of each parish. The inevitable result is that many inequalities existing in 1798 have become accentuated in the course of a century. Owing to commercial development, especially since the introduction of steam power, large towns have sprung up in insignificant parishes where the quotas fixed were small, whilst on the other hand agricultural and industrial decay have set their mark on other parishes which, under conditions prevailing in 1798, were comparatively flourishing, and subject to large quotas in consequence. The effect has been to increase to a considerable extent the inequalities existing in 1798, the pound rate in the various parishes throughout England and Wales varying in 1896 from about one-twentieth of a penny to four shillings—the maximum being, fortunately, limited to the latter figure. It is unnecessary to explain that centres of commerce hardly feel the existence of the tax, while the burden in rural districts has increased in inverse proportion to the deterioration in the value of agricultural land.

The Act of 1896, while giving easier terms, goes far to simplify the process of redemption by making it independent of the variation in the price of stock. The Clause relating to redemption is clearly explained in the subjoined copy of a notice issued by the authorities for the information of intending redemptioners:

“By the Finance Act, 1896, the consideration
“for the redemption of Land Tax has been fixed at

“thirty times the amount of the Tax which it is
“desired to redeem.

“The consideration may be paid:

“ (1) In one sum;

“ (2) By four equal instalments of not less
“ than £5 each;

“ (3) By annual instalments of not less than
“ £60 in any period exceeding four but
“ not exceeding sixteen years.”

With reference to the provision made for payment of instalments of redemption money it is enacted that interest at the rate of 3 per cent. per annum on so much of the capital sum as remains unpaid shall be payable with each instalment, and all the instalments remaining unpaid may be paid at any time within the period allowed.

Much-needed relief has been granted by the reduction of the maximum rate chargeable from four shillings to one shilling in the £, with the proviso that the assessment on the unredeemed properties in the parishes affected by this Clause must be based on the gross annual value of such properties as determined by the Income Tax Commissioners. The quota chargeable by the Act of 1798 has been reduced accordingly in all such parishes.

On the other hand, for the first time a *minimum* rate of a penny in the £ is fixed, so that parishes hitherto assessed below that rate will in future contribute more than the quota chargeable. It has been provided,

however, that the surplus thus obtained shall be applied towards the redemption of the quota, so that in course of time the Land Tax charge will be totally extinguished in such parishes. The reduction of the quota each year is to the extent of a *thirtieth* part of the excess when over £5. The right of granting part of the excess, or the whole if under £5, to the assessor, is vested in the Land Tax Commissioners.

Should a taxpayer, in a parish where a penny rate produces a large surplus, wish to redeem, it would be manifestly unfair to require him to do so by the payment of thirty times the increased tax. In such cases redemption can be secured on the basis of a charge which, at less than a penny in the £, would suffice to raise *his share* of the quota according to the valuation of his property. Under such circumstances redemption can be secured at less than thirty times the tax charged, the purchase money varying, of course, according to the amount of the surplus produced by the imposition of the penny rate.

Prior to the passing of this Act it was found that in some districts assessments had, contrary to law, been loosely made. The duties, instead of being adjusted according to changes in the value of unredeemed properties, were simply copied year after year, thus perpetuating inequalities to the advantage of some and the consequent disadvantage of other taxpayers in the same parish. This has now been rendered impossible, and the assessments will have to be made on a fair and equitable basis in future. For the first time in the history of the tax it is required (year 1897—98) that

particulars of the amount of the assessment and the rate charged must be shown on the Collector's demand note, so that the taxpayer may readily check the correctness of the charge.

EXEMPTION AND ABATEMENT.

The concessions made in the 1898 Finance Act are, perhaps, more important and far-reaching than any since the first imposition of Land Tax. This Act provides for the total exemption of property the owner of which is entitled to exemption from Income Tax, and abatement of half the Land Tax charge where the income of the owner does not exceed £400.

Claim for the allowance should be made to the Surveyor of Taxes for the district, who will probably require the claimant to fill up the official form No. 38 relating to exemption and abatement of Income Tax. In such case the instructions given in pages 23 and 24 should be followed.

It should be remembered that the concessions apply only to the owner and to the circumstances of the owner for the actual year of assessment. Should property change hands, or the income of the owner increase to such an extent as to disentitle him to the benefits of the Act, the allowance, of course, is discontinued.

Where the burden of payment falls upon the occupier (see page 107) it is only fair that he should request his landlord to claim the allowance, if entitled, so that the benefits of the concession might be realised.

OFFICERS.

The administration of the tax is entrusted to Commissioners of Land Tax, assisted by a Clerk (appointed by themselves), Assessors, Collectors, and, to a certain extent, Surveyors of Taxes.

The acting Commissioners are generally those gentlemen who are already entrusted with the administration of the Income Tax and House Duty. They have absolute power in the matter of assessment, and their decision in an appeal is final, except in case of disputed points of law, when they may be called upon to state a case for the consideration of the High Court of Justice.

The position of the Clerk to the Commissioners is, in respect of Land Tax, somewhat analogous to that of the Surveyor of Taxes in relation to Income Tax and House Duty. All correspondence with the public relating to assessments is, or should be, dealt with by him, the Surveyor having no *locus standi* in matters relating to Land Tax, except that he is held responsible for the due payment to the Revenue of the quota for each parish. In case of the remission of a part of the quota in any parish affected by the limitation of the rate to one shilling in the £ (Finance Act, 1896) it is the duty of the Surveyor of Taxes to see that the assessments throughout the parish are properly made on the basis of the Income Tax (Schedule A) value of each property.

As the name implies, the duty of Assessors is to make the assessments. Their appointment is vested in the Commissioners, who elect at least two persons for each parish. They must be residents, except in extra parochial districts, where the Commissioners may exercise their right of appointing non-residents to perform the duties. The office being compulsory, any qualified person may be chosen as assessor, refusal or neglect involving liability to a heavy penalty.

As a rule the persons appointed to make the assessments are also the Collectors of the tax. By virtue of their Warrant, signed by the Commissioners, they have full power to enforce payment without any of the ordinary legal proceedings necessary for the compulsory recovery of ordinary debts. For the sake of convenience the collection of the tax is invariably further merged with the collection of Income Tax and House Duty, which accounts for the erroneous impression that correspondence relating to Land Tax should be addressed to the Surveyor of Taxes.

The tax is under the general control of the Registrar of Land Tax, Somerset House, London, W.C. All documents and plans relating to redeemed properties are in his charge, and all general information relating to assessments and redemption may be obtained from him.

THE YEAR OF ASSESSMENT.

The Land Tax financial year does not exactly coincide with that relating to Income Tax and House Duty, being from 25th March in one year to 24th March in the next, both dates inclusive. As for Income Tax and House Duty, payment falls due on or before 1st January *in* the financial year.

PROPERTIES, ETC., LIABLE TO ASSESSMENT.

Following is an enumeration, according to the Act of 1798, of the properties and profits chargeable :

“All and every manors, messuages, lands, tenements, quarries, mines of coal, tin, lead, copper, mundie, iron and other mines, iron mills, furnaces and other ironworks, salt springs and salt works, alum mines and alum works, fishings, tithes, tolls, annuities, and all other yearly profits, and all hereditaments of any kind whatsoever.”

It is very important to note that *all* buildings, unless erected on redeemed land, become liable on the basis on which other properties in the same parish are charged. Railways and works of such nature are also chargeable in the same way.

It has been held that minerals under the surface of the earth are taxable even though the surface land is redeemed, unless it can be proved that when the land was redeemed the minerals below were included in the Redemption Contract. It is safe to assume that in the majority of cases where owners took the opportunity to redeem the tax on their estates a century ago, the

presence of minerals since discovered was unsuspected, so that their redemption was not included in the Contract.

Although minerals are not entitled to immunity from taxation from the fact that the surface land has at one time or another been redeemed, it is clear that buildings, railways, or works of any description, however valuable, erected on redeemed land, are not assessable.

Shortly, it may be taken for granted that any property or profits liable to be rated for the relief of the Poor, is, unless redeemed, also assessable to Land Tax.

PROPERTIES, ETC.. EXEMPT FROM TAXATION.

The Universities of Oxford and Cambridge and certain public schools, colleges, hospitals, and charities, were specially declared in the Redemption Act to be free from taxation. The extent to which hospitals, etc., not so exempted are liable is left to the discretion of the Land Tax Commissioners.

Exemption was also granted to property not exceeding £1 in annual value belonging to persons in humble circumstances.

In 1806 it was enacted that lands, etc., and tithes belonging to Church livings which did not exceed in the aggregate £150 per annum should, on claim being made, be allowed the exemption. The period during which this privilege could be claimed ceased in 1822, so that any small livings not exempted at that date could not thereafter claim the benefit of this special enactment.

Personal estate was exempted in 1833, and certain salaries, pensions, annuities, etc., received like treatment some years later.

Although a "hereditament" is held to be liable, an "easement," *i.e.*, the right which a person possesses over land which is not his own, and in which he has therefore no proprietary interest, is not taxable. For instance, there is no liability in respect of water, gas, and other pipes and mains, quite apart from the question as to whether the land through or over which they are laid or constructed has or has not been exonerated by redemption of the tax.

It has also been decided that common and waste lands, becoming enclosed with manors the tax on which has been redeemed, are not chargeable.

BY WHOM PAYABLE.

The occupier is primarily responsible for the payment of the tax, which, in case of distress for payment, can only be recovered on the property on which the assessment is made. Whether the tenant is entitled to deduct the tax from his rent depends upon the conditions under which he occupies the property.

In its nature the burden is really a rent charge on the property, so that the question as to who should bear the burden depends entirely upon the terms of agreement between landlord and tenant. In most parts of the country landlords allow the tax from the rent as a matter of course.

In an important case as to whether the tenant was

liable to payment of Land Tax, as distinct from other rates and taxes, it was decided that if a tenant has agreed, although only verbally, to pay "all taxes," he cannot claim the allowance of Land Tax, even though he may be unaware when the agreement is made that there is any such charge on the land.

If the landlord undertakes to pay the tax, he is not responsible for any additional charge made on account of an increase in the value of the property by the private enterprise of his tenant or lessee. He can only be compelled to pay the proportion of tax chargeable on the actual rent payable to himself, and not on what may be considered to be the improved value of the property.

Disputes between landlord and tenant as to which is liable, and to what extent, are determinable by the Commissioners.

HOW THE ASSESSMENTS ARE MADE.

All unredeemed properties should be charged on a *uniform basis* in each parish, which basis should be the annual value. Much controversy has arisen as to what constitutes the "annual value," the Act of 1798 merely reciting that the basis of assessment should be the "true yearly value." The basis chosen makes little practical difference in the amount of tax payable, so long as uniformity of assessment is secured, although it is generally recommended that the rateable value in the Poor Rate affords a fairer basis than any other "value." Each parish being responsible for the payment of a certain fixed quota, it will readily be seen that whatever

basis be chosen—whether the Gross Estimated Rental or Rateable Value in the Poor Rate, or the Annual Value for Income Tax purposes—the pound rate charged is immaterial if each property does not contribute more than its fair share of the total tax due for the whole parish. Where, however, a remission of part of the quota payable by any parish has been made by reduction of the pound rate to the maximum limit of one shilling, as fixed by the 1896 Finance Act (see page 100), the Assessor is bound to assess each property on its full annual value as determined by the Income Tax Commissioners.

A minimum rate of one penny in the £ having also been fixed by the same Act, the assessment cannot be made at a lower rate, except where a lower rate would produce in the year of assessment a surplus sufficiently large to redeem the whole of the quota charged for the parish.

When made, the assessments are delivered to the Commissioners, who issue duplicates thereof to the Collectors. These duplicates are open for the inspection of taxpayers at any reasonable time.

Due notice of the day and place of appeal is given by means of public notices fixed on church and chapel doors, so that any aggrieved person may have a chance to secure adjustment of any incorrect assessment made upon him. The appellant should notify the Assessor of his intention to appeal, so that the latter may attend to justify the assessment if possible.

INSTRUCTIONS TO INTENDING REDEMPTIONERS.

The process of Redemption is best explained in the official Form (No. 327, see below) issued under the authority of the Board of Inland Revenue, and permission to reproduce this has been kindly granted by the Land Tax Authorities at Somerset House.

REDEMPTION OF THE LAND TAX.

Any person having an Estate or Interest in lands and tenements (except Tenants at rack rent, or holding under the Crown) may contract for the redemption of the Land Tax charged thereon.

Where any person redeems land tax by payment of a capital sum, the Commissioners of Inland Revenue will, *on his application at the date of the redemption*, grant to him a certificate charging the property with the amount of that sum, and with interest equal to the amount of the land tax redeemed, and he will be entitled to the charge as if it were a mortgage secured to him by a mortgage deed; and such charge, when the certificate is registered in pursuance of The Land Charges Registration and Searches Act, 1888, will have priority over all other charges and incumbrances, and any money authorised to be invested in real security may be invested on the security of any such charge.

Any person entitled to contract for the redemption of the Land Tax charged upon his property, and being desirous so to do, must (either personally or by his authorized Agent) attend before the Clerk to the Land Tax Commissioners for the division in which the property is situate, and in his presence sign one of the Forms of Declaration hereinafter mentioned, producing at the same time either a full description of the property proposed to be exonerated, giving its area and boundaries, and any other details which will assist in its future identification, or the Tithe or Ordnance Numbers relating to it, or else a plan showing the extent and position of the property. If a plan be used—as is preferable though not obligatory—it must be in Duplicate, one copy to accompany the

Certificate of the Contract, and the other to be attached to the Registry thereof at the Land Tax Redemption Office.

The Clerk will thereupon attest the signature to the Declaration, and, on a special Form, certify the amount of the Land Tax charged upon the property proposed to be exonerated.

Both Documents with plans (if any) will be forwarded by the Clerk to the Registrar of Land Tax, who will prepare a Certificate of the Contract to be signed by the Commissioners of Inland Revenue, provided the Documents are made out in accordance with the requirements of his Office.

The Contract so entered into will, under the provisions of the Land Tax Redemption Acts, be binding upon the Contractor.

In due course the Registrar of Land Tax will notify to the Contractor, or his Agent, the amount of the consideration, which must be paid or remitted to the Accountant-General of Inland Revenue at Somerset House, London, W.C. No payment thereof can be legally made except in pursuance of such Notice, and to the Officer named therein, no other person having any authority to receive the money.

Upon the money being paid, the Contract will be registered, after which it will be forwarded to the Contractor, or his Agent, further endorsed with a Certificate of Registration, and of the period from which the property will be exonerated from Land Tax.

No person is authorized to charge the public with any Fee for Certificates of Assessments, or other proceedings, in the Redemption of Land Tax.

N.B.—The Acts of Parliament do not authorise the Declaration in any case to be attested by an *Assistant Clerk*, but in the absence of the Clerk it may be attested by one of the Commissioners of the District, and the Certificate of Charge signed by two of such Commissioners.

(The Forms of Declaration and Certificate are supplied to the Clerks to Commissioners.)

A. PAYMENT IN ONE SUM.

Where the consideration is intended to be paid in one sum, it must be thirty times the amount of the Land Tax assessed on the property proposed to be exonerated.

FORM OF DECLARATION.

I (or we) do declare, that I (or we) am (or are) desirous of redeeming the Land Tax contained in the annexed Certificate, in the Mode and on the Terms above described.

Witness my Hand (or our Hands) this day of 190 .

Signed in the Presence of
Clerk to the Commissioners of Land Tax for
the Division of
in the County of

B.—No. 1. PAYMENT BY ANNUAL INSTALMENTS IN FOUR YEARS.

Where the Consideration is intended to be paid by Four annual instalments, it must be thirty times the amount of the Land Tax assessed on the property proposed to be exonerated, and must be paid by Annual Instalments of not less than £5 each.

Interest at the rate of three per cent. per annum on so much of the Consideration as remains unpaid must be paid with each instalment of the Consideration.

FORM OF DECLARATION.

I (or we) do declare, that I (or we) am (or are) desirous of redeeming the Land Tax contained in the annexed Certificate in the Mode and on the Terms last above described.

Witness my Hand (or our Hands) this day of 190

Signed in the Presence of
Clerk to the Commissioners of Land Tax for
the Division of
in the County of

B. — No. 2. PAYMENT BY ANNUAL INSTALMENTS EXCEEDING FOUR YEARS.

Where the Consideration is intended to be paid by Annual Instalments exceeding four years, it must be thirty times the amount of the Land Tax assessed on the property proposed to be exonerated, and must be paid within a period *not exceeding Sixteen Years*, the period to be regulated by the amount of the Consideration. The money to be paid in any Year must not be less than £60:— For instance, if the whole Consideration amounts to £960, the period may be Sixteen Years; if it amounts to £300, Fifteen Years, and so downwards; but any period within the limit above-mentioned may be chosen by the Contractor.

Interest at the rate of three per cent. per annum on so much of the Consideration as remains unpaid must be paid with each instalment of the Consideration.

FORM OF DECLARATION.

I (or we) do declare, that I (or we) am (or are) desirous of redeeming the Land Tax contained in the annexed Certificate in the Mode and on the Terms above described in _____ years.

Witness my Hand (or our Hands) this _____ day of _____ 190

Signed in the Presence of

Clerk to the Commissioners of Land Tax for

the Division of

in the County of _____

GRANT OF CERTIFICATE OF CHARGE.

If the Contractor desires to be granted a Certificate under section 33 (a) of the Finance Act, 1896, charging the property with the amount of the Consideration for the redemption, and with interest equal to the amount of the Land Tax redeemed, he must also, *at the time of signing the Form of Declaration*, sign the following form.

FORM OF APPLICATION.

To the Commissioners of
Inland Revenue,

I (or we) hereby apply for a Certificate under section 33 (a) of the Finance Act, 1896, charging the property described in the annexed Certificate with the amount paid as the Consideration for the redemption of the Land Tax assessed on the said property, and with interest equal to the amount of the said Land Tax.

Witness my Hand (or our Hands) this _____ day of _____ 190

Signed in the Presence of

Clerk to the Commissioners of Land Tax for

the Division of

in the County of _____

NOTE.—Upon the Certificate of Charge being registered in pursuance of the Land Charges Registration and Searches Act, 1888, the Charge will have priority over all other charges and incumbrances, and any money authorised to be invested in real security may be invested on the security of any such Charge.

LAND TAX IN SCOTLAND.

The Land Tax charge in Scotland is so small that its existence is hardly felt in most parts of that country. In many counties the quotas are so insignificant that it is not even considered necessary to make assessments, and the amounts chargeable are paid in a lump sum out of the public rates; in others a fixed charge is paid by the superior or the landowner, so that to individual occupiers the tax is an unknown quantity.

In districts where an appreciable amount is chargeable, the matter of assessment is governed to a considerable extent by ancient customs or established practice, and it is quite common to find the proportion payable raised by taxation of trade, fishing, shipping, personalty, as well as land and building.

The permanent quota fixed for the whole country by the Redemption Act of 1798 was less than £50,000. Redemptions since effected have reduced this quota, and the annual amount now payable stands at little more than £30,000—a levy which, taking into consideration the development of trade and the consequent increase in the value of assessable property, is quite out of proportion to the allocation made a century ago.

The administration of the tax being conducted on lines almost identical with the practices which obtain in England and Wales, and the terms and method of Redemption being also similar, it is unnecessary to repeat here the information already given under these heads.

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